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His Majesty's Government

IT is exactly a year ago this week since the great two-day debate in the House of Commons that brought Mr Chamberlain down. And again the Government has been facing its critics in a two-day debate. But if there is this formal similarity between May 1940, and May 1941, the fundamental position is utterly different. The country has found unity behind Mr Churchill such as it never quite attained at any time in the last war. There is no other possible leader in sight. Indeed, that is too grudging a testimony. Mr Churchill is not a *pis aller* ; he is a great leader of men. He has touched and uplifted the hearts of men wherever in the world they are free—and here, in this island, where the shield of fredom is being borne, he has earned the title his great ancestor carried, that of Captain-General of England.

Yet there is disquiet and anxiety in the country. Why ? Partly no doubt the reason is to be found in the natural reaction that bad news produces when it follows hard on the heels of good. The successes of March were far too sanguinely interpreted, and those who were most hopeful then are the most gloomy now. One of the most serious charges brought against the Government in this week's debate was that over-optimism was officially encouraged. The charge is well founded. The Prime Minister himself must be acquitted ; he rarely misjudges the country's wish, which is to be told the worst that is true. But he is seemingly the only person in the whole Governmental machine who has grasped this simple fact. It is not so much the paucity of hard fact to which there is objection—the man in the street knows that there are many things he cannot be told—it is the consistently over-optimistic tone of the "spokesmen's" commentaries, of the inspired interpretations, of the week-end speeches of minor Ministers and their Parliamentary Private Secretaries that causes alarm and despondency. The Prime Minister would do well to impose his own standards on the whole machine.

When this factitious reaction from over-optimism is discounted, a great deal of the exaggerated gloom of the last few weeks goes with it. The situation to-day is not greatly different from what was anticipated six months ago. It was expected that there would be heavier night bombing, that there would be a sustained campaign against shipping in the Western Approaches, that there would be a drive against Egypt. In none of these respects are things going worse than was to be expected last November. The only real surprise in the debit ledger has been the defeat in Cyrenaica—but then the preceding conquest of that province was an equally surprising item on the credit side of the account.

This does not, of course, mean that the position is good or that it is strategically favourable. Britain is still on the defensive, fighting desperately against very heavy odds. There are still the familiar and heart-breaking shortages of men, of guns, of aircraft, of tanks, of ships. The Greek campaign did not reveal these shortages for the first time—or in greater measure than was known to exist—indeed, the only continuing deficiency that can fairly be deduced from the Greek campaign is the shortage of ships. If the first crime, in a situation of extreme peril, is complacency, the second is lack of a sense of proportion. Had Mr Churchill predicted six months ago that the nation would stand in the second week of May exactly where it stands to-day, it would have been accounted a hopeful prophecy.

Not all the disquiet, however, by any manner of means, is to be disposed of in this way. There are real causes for anxiety and sound reasons for criticism. One of a general nature was emphasised in *The Economist* last week. The great transformation of American policy and action is one of the chief gains

of the past six months. But there is a real danger lest, in contemplation of the magnitude of America's resources, the British people should relax their own efforts. For another twelve months, it cannot be too often repeated, the future of the world—and our own safety—lies almost entirely in British hands. It is perhaps the one mistake that Mr Churchill has made in the handling of the people in recent months that he has not emphasised this fact. What is needed this summer is not any relaxation of effort, but another tremendous burst of energy such as was put forth with such zeal and devotion last year.

This is, of course, the Government's business. The people will respond to leadership. They will once again "Go to it," but only if they are told where to go and what to do. And the Government must go to it too. Many of the old defects remain, and if the public's support of Mr Churchill is enthusiastic, it has a very different opinion of many of his colleagues. There is still too much timidity of decision. It is true that a step that has been taken in the past week, the amalgamation of the Ministries of Shipping and Transport, promises drastic action to meet one of the most serious deficiencies. Mr Leathers is not known to the public; but his first declarations show that he grasps the point at issue. He has made it clear that he believes in regarding the entire transport system of the country as a unit; and if he can show that the new arrangement is not a mere administrative regrouping but the beginning of a real transport policy, he will be a great reinforcement to the Government. A certain scepticism is only natural, for there have been too many cases in which some basic principle of war economics has been accepted, under heavy pressure, and then left in the air without practical application. The most flagrant example, of course, is Mr Bevin, whose course of action over the conscription of labour (of which the latest episode is discussed on page 616) is not very far removed from deception of the people. It is the spectacle of Mr Bevin talking hot and acting cold which, more perhaps than any other single factor, accounts for the undercurrent of uneasiness in the country.

It is for these reasons that the suggestion of a small War Cabinet of Ministers without departmental duties is put forward with such persistence by so many of the Prime Minister's most devoted supporters. It may be that it is also used as a stalking horse by those whose real game is to embarrass Mr Churchill—and if so he is politically wise to reject their suggestions. He must be the sole judge of that. But it shows a misconception both of the idea and of the motives of most of its proponents, to say, as Mr Churchill did on Wednesday, that it is an attempt to surround him with a group of "No" men. That is not at all the proposal; it is rather that the Prime Minister should have a War Cabinet of men who (as Mr Lloyd George said of his lieutenants in the last war) are "eyes and ears—and a good deal of toe." They should not be "No" men so much as "Go" men. Lord Beaverbrook is apparently to fill that rôle in a sphere wider than Aircraft Production; it is fantastic to suppose that there are no others in the country.

There was an undoubted touch of acrimony about this week's debate. The more is the pity, for it does not represent the mood of the country and it will undoubtedly militate against the Prime Minister's accepting suggestions for the strengthening of his Government that are very widely, most earnestly and quite sincerely offered to him.

Fighting in Iraq

FIGHTING broke out in Iraq on May 2nd, and after a week's campaign the British Army is advancing into the country. It is too early to forecast the shape of the struggle, but on the British side the time factor is the key to success or failure. The Iraqi army, thanks to Great Britain's interest and assistance, is an efficient and well-mechanised force. Nevertheless, there can be little doubt that vigorous British action and the despatch of reinforcements can restore the situation provided the necessary measures are taken in time.

The extent to which the situation was allowed to deteriorate before action was taken is enough to throw doubt on the efficacy of British diplomacy, which cannot escape the suspicion of having been weak, vacillating and ill-informed. It was not as though there were any excuse for being caught unawares. Ever since the Sidky Bekr *coup d'état* in 1936, and more especially since Rashid Ali el Gailani succeeded General Nuri-es-Said as Prime Minister in March, 1940, the attitude of the Iraqi Government has been very unsatisfactory. To give the most obvious example of their obstructive policy, they refused to break off relations with Italy a year ago, and the Italian Legation has ever since been a centre of Axis intrigue. The brief supersession of Rashid Ali by General Taha-el-Hashimi in March and April this year only increased the tension, and on the proroguing of Parliament the ex-Prime Minister, backed by the Army, staged a *coup d'état*, deposed the Regent, Emir Abdul Ilah, and, after appointing the Sherif Sharif to succeed him, set up a new "constitutional" Government. The British authorities then exercised their treaty rights (which permit them to use Iraq's communications, airports and waterways in time of war) by despatching reinforcements to Basra. At first the Rashid Government made a show of compliance, but when further troops arrived transit was refused, and, on Britain's insistence, the Iraqi Army launched an attack on the British air station at Habbaniyah.

The connection of the Iraqi incident with the general strategy of the war is obvious enough. Whether the clearing of the Mediterranean is the next main objective of the German General Staff or an elaborate feint to draw British forces and attention away from the invasion front, the crux of the Eastern Mediterranean sector is the defence of Suez. In the south, the land attack has advanced as far as Sollum, in the north to the Peloponnese, to the islands of Greece and to Rhodes. Now that a new front has opened to the east, the aim of Hitler's generals must be to effect a junction with the Iraqi forces before their offensive is crushed. It seems certain that the despatch of British troops to Basra upset the timing of the Iraqi *coup*. Rashid Ali had to act before the British were strongly reinforced, and he was therefore compelled to begin the fight before the Germans had fully liquidated the Greek campaign or cleaned out the fortress of Tobruk.

The Germans probably do not think of transferring massive land forces from Greece to Iraq. Air strength is the decisive factor. Hence it is unlikely that the Germans need at the moment either to threaten or cajole the Turks into permitting the transit of troops. Such a step might come later when prolonged isolation and inactivity had reduced Turkey to the impotent status of a Near Eastern Sweden. The Germans are almost certainly more interested in Syria, where there are landing fields, facilities for re-fuelling, a demoralised administration, public ferment and some sympathy for the Rashid Ali regime. Given Syrian co-operation, the Germans may well hope to turn Iraq into a hostile base for the encirclement of Suez and the total isolation of Turkey.

Behind these immediate strategic considerations lies Germany's interest in the oil supplies of the Near East. It is true that it would take months to restore production in Iraq and transport would remain a

serious problem. Yet it is in fact the need for oil that makes control of the Mediterranean and its hinterland a valuable prize.

As usual in a Nazi campaign, intervention, if it comes, will be only the crowning phase of a long process of diplomatic and psychological preparation. The Germans have experience of Middle Eastern politics from the last war, where their agents—Wassmuss, Schünemann, von Hentig, Seiler—bid with Lawrence and Dunsterville and Sykes for the support of the Arab peoples, and it is significant that both Seiler and von Hentig have been until very recently in Iraq, Iran and Syria. In the last war, the Germans were fatally handicapped by the fact that they were allied to the Turks, against whose dominion the Arabs were seeking to revolt. In this war, the disadvantage has shifted somewhat to the Allied side, for although Iran and Saudi Arabia have obtained complete independence and Egypt and Iraq almost complete independence, France and Britain are the Mandatory Powers in Syria and Palestine and their treaties with Egypt and Iraq impose certain obligations. Against this may be set the obvious readiness of Great Britain to concede ultimate independence and Germany's black record with the subject peoples of Europe. Nevertheless, the French and British are the imperialists on the spot, and this fact has given the Axis propagandists their opportunity.

It is difficult to assess the strength and significance of Arab nationalism. It usually takes the form of the demand for some sort of Arab confederation, but there is no agreement on its constitution and leadership. Moderate pan-Arabism has much in common with enlightened public opinion among the Allies, since its supporters recognise that only with Allied help could the Arab States achieve cohesion and protection against the predatory Great Powers. To this school of thought belonged Dr Shahbander, the murdered Syrian leader. It has supporters among the more responsible officials throughout the Middle East, and some quiet preparatory work—the discussion of a Customs Union, of frontier delimitation and so forth—has been accomplished. To a full understanding among these people, the undefined but not unfriendly attitude of Ibn Saud, and, to a much greater extent, the unsolved problem of Palestine are serious obstacles.

It is not with the moderates that the Axis propagandists have established contact. Extremist pan-Arabism is negative, and all the fiercer on that account. It has solved none of the problems of an Arab confederation—whether Iraq, Saudi Arabia or Egypt should lead, whether race or religion should be the test, the fixing of frontiers, the economics of co-operation—and it derives its force from its clamour against Britain and France. Whatever else is built afterwards, it is claimed, British and French rule must first be torn down. The chief centre of the movement is in Iraq, but it is strong in Syria and, naturally, in Palestine. The Mufti of Jerusalem has played a part in inciting opinion and he has found a ready audience, particularly in army circles in Baghdad. It is with these groups that German agents have been in touch. An alleged Iraqi gives the quisling broadcasts from Berlin. Syrian and Iraqi notabilities are often to be seen in Germany. How far co-operation has gone it is still impossible to say. Reports speak of the arrival in recent months of Axis war material. The consignments are not likely to have been heavy and the evasions with which the Nazis countered the news of Rashid Ali's first appeals for help suggest that plans were not at that time fully concerted. But Axis influence is all too apparent in the shape and timing of the final *coup*.

Nevertheless, it should not be thought that pan-Arabism is the decisive factor, even though it has created an entry point for Axis propaganda. British administration, even in Palestine, has in no sense been as hopeless and onerous as the Ottoman rule against which the Arabs rose in arms in the last war. The Arabs know that Britain is a satisfied Power, that her diplomacy is conciliatory and that there exists a genuine desire to find a solution compatible with Arab independence. The decisive factor is not political aspiration but power. The real force behind Axis propaganda is not that the Arabs believe they will achieve independence in the New Order but that they fear an Axis victory. Until the French collapsed there was quiet in Syria. While General Wavell was advancing on Benghazi there was quiet in the Middle East. To-day, in spite of General Dentz's efforts, French authority has degenerated so far that much of it has passed to the Syrians, and they are swayed this way and that by the fortunes of battle. In the Middle East generally, the rapid advance of Hitler's armies across Libya and the lightning campaign in the Balkans are the Nazis' best arguments when bargaining with a Rashid Ali or a Prince Aslin. It is the old weary argument. "The British are decent. If they win they will treat us well in any case. But if the Nazis are to win, we must buy their favours now."

It follows that only in one way can the situation in Iraq be restored—by vigorous action. Surveying the Near East just over a year ago *The Economist* wrote:—

> We owe the advantages of our Near Eastern position to the fact that we are powerful and satisfied. If we cease to be powerful, the question whether or not we are satisfied will become entirely academic. The Near Eastern States will be reckoning how best they can come to terms with our conquerors. . . . One thing is certain. We cannot fall back on a favourable Near Eastern situation. We can only create it.

Events have only borne out this analysis. The only argument which can impress Iraqis, Syrians, Palestinians, and even Egyptians to-day is clear proof of Britain's ability to maintain her position and strike back. It follows that the Turkish and Egyptian offer of mediation cannot even come under consideration until the Iraqi army has abandoned all resistance and that the conditions of a settlement must include the return of the Regent, the restoration of Constitutional government and the eclipse of the Rashid Ali regime.

Great Britain has her sympathisers in all the Arab lands, but they will only be rallied to a cause which looks like holding its own. The extent to which British forces can be deployed in the new front is beyond the competence of civilian observers to determine. Against the obvious danger of allowing Iraq to fall must be set the fact that it is essentially a diversion and the immediate defence of Suez must continue to absorb the major part of Britain's African resources. Nevertheless, if it is humanly possible, courageous military action must make good the damage done by faulty diplomacy. The Middle East is the last area in the world where Great Britain can afford the luxury of appearing less strong and determined than she is.

Canadian Ally

THE Canadian scene can be easily misread. Once more, Mr Mackenzie King, the Federal Premier, is being sharply criticised, and there is sufficient acrimony in the politics of the Dominion to give the appearance of a house deeply divided. Axis propagandists are not slow to point out another weak place in the Imperial war front, but actually they are wrong, for (as Mr Graham Spry shows in a notable vignette of the Dominion published recently*) Hitler has united Canada. Canada is, of course, divided by geography, race and religion. The centres of population in the Atlantic provinces are 700 miles from central Canada ; central Ontario is 900 miles from the prairies ; and the prairies are 400 miles from the Pacific coast. It is a nation of fewer than twelve million people scattered over a vast sub-continent cut up by rocks and mountains and water. "Quebec, northern New Brunswick and north-eastern Ontario are largely French and Catholic. Ontario, British Columbia and Nova Scotia are predominantly Anglo-Saxon and Protestant. The three prairie provinces are less than half Anglo-Saxon, and there are significant groups of Germans, Scandinavians and Slavs." Four-fifths of the people are less than 200 miles from the American border ; nearly a quarter of them were born outside Canada ; and Canadians may have loyalties to Washington, Paris or Rome as well as to London and Ottawa. But, though there is no uniformity in Canada —the choice between Vichy, where the Dominion is represented, and General de Gaulle has caused sharp controversy in French Canada—there is unity in the war effort ; and it is the first merit of Mr Spry's book that he makes this distinction plain.

For a week after Britain was at war with Germany, Canada was neutral. Then, when the neighbouring United States, with the same strategic and geographical interests at stake, unanimously preferred neutrality, Canada unanimously chose war. Later the decision was twice endorsed at the polls, once in Quebec and once in the entire Dominion. In contrast to Eire, Canada came freely into the fight ; and in contrast to South Africa, there is no anti-war Opposition there.

Yet criticism and quarrels persist. "Each race, each group, each section, each religious faith felt the threat of a resurgent Germany"; but the sections remain. The Dominion is a federation. Its people are "federal-minded"; and "to the divisive influences of geography, race and religion" is added "the disintegrating force of provincial sovereignty." In peacetime, the Federal Government lacks the powers to tackle national problems on a national scale ; and this weakness in the spheres of social, financial and economic policy is more than ever a hindrance in wartime. A battle is going on even now between the farming provinces and the Government ; and it is illustrative of the background of Canadian war politics that the recommendations of the Royal Commission on Dominion-Provincial relations, set up four years ago to look into the distribution of powers and revenues between the central and provincial governments, have lately been blocked at a bitter conference by the opposition of three of the ten provinces. The main reason is that it was proposed by the Commission that the provinces should cease to be the collectors of income tax, corporation tax and succession duty. These taxes were to be collected by the Dominion Government, which would take over unemployment relief and provincial debt, making grants from central funds where needed. Now the Budget for 1941-42, introduced last week, has raised this controversy again.

The Dominion requires $300 millions more tax revenue this year ; and it is proposed that the provinces should vacate the field of income and corporation tax for the duration of the war. Two other taxes formerly provincial, the succession duty and the tax on petrol, appear in the Budget. Power follows finance. The same struggle has gone on for generations in the federation of the United States, as nation-wide duties have arisen to be centrally done ; and it is hard to see how the Dominion Government can fight and finance this war without focusing the powers and revenues needed. The present proposal is a compromise. It begs the question whether, in a modern State, positive and efficient government is possible, even in peacetime, in face of federal checks. With much argument, the compromise will be accepted, but the debate will still go on.

Actually, this Budget is itself proof enough that Canada's war effort is not being stemmed by dissension. The first estimate of war expenditure in 1940-41 was $500 millions. After Dunkirk, it was raised to $700 millions. In the event, it was $1,800 millions, something like a quarter of Canada's national income, which is rising rapidly ; and in 1941-42 war expenditure is to be $1,450 millions. Total expenditure will be $1,918 millions—over $160 (or £85) per head of the population, man, woman and child. The corresponding figure in Great Britain is £94 per head. Canada still has much slack to take in. But there is no doubt about the scale of the effort. Canada is high among the industrial nations—sixth or seventh. The Dominion is the third largest exporter in the world, and the largest exporter of wheat and non-ferrous metals. The national income of Canada is equal to Italy's and a quarter of that of Germany and Austria together. Total production in the Dominion is said to be 70 per cent higher than in 1918, though the population is only 25 per cent larger ; and actual output for the war—almost every weapon is being made in Canada—is very much greater than it was in 1918, when the Dominion war effort was at its peak. The flow of food, raw materials and manufactures makes Canada granary, mine and arsenal alike to the Commonwealth. On land, the Canadians have not shared the ordeal of the Anzacs, but the Canadian Corps is the pivot of Britain's defence. In the Atlantic, the Canadian Navy has a central rôle. In the air, Canadian pilots and squadrons have been in the fight since it started, while the Empire Air Training Scheme in Canada is a main pool for RAF personnel.

Why, then, is Mr Mackenzie King so sharply assailed ? Partly, it is the normal, healthy process of Parliamentary surveillance and criticism, which the Nazi can never understand. Partly, it is the consequence of provincial fears and grievances. But partly, too, it has been the Government's fault. The war is not opposed by the Canadian critics. The scale and direction of the war effort are not fundamentally questioned. It is the conduct and management of Canada's effort that have been arraigned, and last February the attack became "a grave political storm." It was then claimed that aircraft production in Canada was in "an impossible position"; that the planes made were primarily training machines ; that the official comparison between the output of light fuselages in Canada and the output of complete planes in the United States, some of them four-engined bombers, was misleading; and that the Empire Training Scheme was badly behind schedule. Criticisms were made of shipbuilding, the supply of military equipment and tank production ; and, while it was made clear in the discussions that the opposition had gone much too far, it was plain at the end that there were serious hold-ups and bottle-necks in war production. In the production of shells, bombs, vehicles, clothing, equipment, chemicals, and explosives there have been marked successes; in the

* "Canada." By Graham Spry. Oxford Pamphlets on World Affairs. No. 47. Oxford University Press. 32 pages. 3d.

production of tanks, guns and aircraft, and in the supply of machine tools, there have been several failures and disappointments.

As in Britain, the shortcomings of war government in Canada have been mainly economic ; and because of the sectional character of Canadian life and politics, it is not possible to set up a National Government drawn from all parties and groups, and, most important of all, from all talents. There is a weakness in personnel which was not lessened by the Liberal triumph at last year's general election. Nevertheless, what faults there are—and the successes much outnumber the failures—are not merely political in origin. The Munitions and Supply Department in Canada is directed in the main by business men, not politicians. The root of the trouble is simply the difficulty in a democracy and a federation of changing over from peace to war economy, a difficulty which is aggravated in the case of Canada by technical causes.

Canada is in no sense self-sufficient. What the Dominion buys from the United States is normally paid for by the proceeds in gold and dollars of sales to the United Kingdom ; and Canadian industry is interlocked with American, a connection which has caused great difficulties in working out designs for tanks and aircraft to be built in Canada and which implies, in most items of manufacture, that Canada must depend on the United States for many of the parts to be assembled. Since the war started, purchases from America have gone up, swollen by raw materials, components and machinery for war production, and the deficit in this trade is growing. On the other hand, although sales to the United Kingdom have also mounted, the United Kingdom is short of gold and dollars to pay with ; and the problem of paying the United States has therefore become serious. Every month, twice as much in value is bought by Canada from the United States as Canada sells to the United States.

In trade with the United Kingdom last year, there was an export surplus of $787 millions, of which between two-fifths and a half was covered by the repatriation of Canadian securities, a third by the transfer of gold from the United Kingdom, and a fifth simply by the accumulation of sterling balances in London on Canadian account. This year, when Canada is to supply $1,500 millions' worth of munitions, materials, and agricultural produce to the United Kingdom, the British deficit may be $1,150 millions; there are limits to the quantities of gold and Canadian securities that can be thrown in; and there is the prospect of a " substantial war debt " due from Britain to Canada.

The position is, therefore, that Britain cannot pay Canada, and Canada finds it correspondingly difficult to pay the United States for essential war supplies. But these are precisely the considerations of finance which President Roosevelt has laid down must not hobble full aid to the democracies; his remedy is to pay for goods with goods or the promise of goods; and Canada is bound to the United States, not only by the joint American-Canadian Defence Board, but also by the joint committee which has just been set up to work out priorities for war materials. The Lease and Lend Bill can be used to ease the strain ; under it, Britain can count goods and materials sent to be worked up in Canada. Last month's Hyde Park Agreement between the President and Mr Mackenzie King will ease the strain further by facilitating the delivery from Canada of munitions, strategic materials, aluminium and ships in return for American supplies. The new Budget tackles the problem on the other side, by making it easier for Britain to pay Canada in goods. There is to be a discount of 25 per cent in the duties on imports of woollens, boots and shoes from the United Kingdom and 50 per cent on all other imports except spirits, tobacco, sugar, and silks. The dollar problem will remain difficult ; and debts may pile up on two sides of the triangle United States—Canada—United Kingdom. But it is a gain that, though faced with onerous expenditure, heavy enough to require a sharp increase in income tax, new taxes on successions and petrol and new levies on cinemas, amusements, betting, and on travel by rail, road and air, the Canadians have been realistic enough to make these reductions in duty.

Canada is " Britain's first ally " ; and the Dominion is part and parcel of North America as well. Without North America, the war would be lost; and the statesmen of Canada, like those of the United States, have a historic task. By and large, they have shown the way to their neighbours. It is an answer to Axis propagandists that Canada went to war when the United States did not and set the pace in North American mobilisation. But it is not a complete answer to the friendly critics. There is a saying that " Canada is a difficult country to govern." Mr Spry points out that there are two kinds of Canadian politician : those who represent provincial and sectional interests, and those who are " nation-minded." To-day, there is need that the latter, on both sides of the political fence, should prevail, if the united will of the Dominion is not to be hindered by lack of leaders.

NOTES OF THE WEEK

Spanning the Atlantic

In the Battle of the Atlantic, Mr Churchill reported on Wednesday, " we are maintaining great progress, though with heavy losses "; and, with assistance from the United States, " we can probably maintain our minimum essential traffic during 1941." The United States is to assemble two million tons of merchant shipping for " all-out aid to the democracies." Negotiations are going on with other American republics. Newly-built ships will be recruited for the pool ; shipping routes will be readjusted and vessels drawn from inter-coastal, coastal and Great Lakes employment ; under a Bill now before Congress, foreign ships in American ports will be requisitioned and impressed. This is strikingly good news for the future, for the scale and scope of the island and Imperial war effort will be decided by the available tonnage of ships. Shipping space is the bottleneck through which overseas supplies must pass, and the establishment of this pool, to be supplemented from the gathering output of American shipyards, goes to ensure its being sufficiently wide. But, though there is strength in numbers, there is not necessarily safety, while the Battle of the Atlantic hangs in the balance. " Our test is the number of tons of imports brought into these islands in any given quarter in any given year." It is arrivals in British ports that matter most just now—protection rather than tonnage ; and the American decision on convoys has not yet been made. The President, in a speech whose terms were perhaps more general than many had expected—and hoped—has said that America is ready to fight for democracy. More specifically, Mr Willkie has offered his support for convoying American arms to Britain. A host of politicians, naval men and newspapers have also spoken for convoys ; and, most significant of all, Mr Stimson, the Secretary of War, in a challenging broadcast to the nation, has called for the use of the American fleet to reinforce the British navy—to save America from the deadly peril that would follow if the Battle of the Atlantic were lost. The signs are that Mr Roosevelt is waiting for rising opinion to push him into the decision, which will risk probable war ; and he is waiting in half-way house. There are patrols—reaching from the Atlantic coast to Greenland and far out into the ocean, to watch for raiders and to warn their victims—but no convoys ; this week commanding officers from most Latin American navies have come for talks in Washington. The news of America's help in spotting caused " indescribable relief " in high quarters in Britain, but it is not protection.

American Ships

The aid that the United States can give, in warships and merchant vessels, can be decisive. The Washington Treaty of 1922 gave the United States the right to build a navy equal in size to Great Britain's, and American naval shipbuilding capacity is already large. According to the American *Journal of Commerce* of February 14th, no less than 433 naval vessels were then under construction, 185 of them in private shipyards; they were made up as follows:—

	No.		No.
Battleships	17	Submarine tenders	7
Seaplane tenders	32	Repair vessels	4
Aircraft carriers	12	Mine-layers	3
Cruisers	54	Destroyer tenders	3
Destroyers	204	Submarine reserve vessels	5
Submarines	81		
Minesweepers	11	Total	433

The volume of merchant ship construction, however, has fallen rapidly from the heights reached in 1919. Twenty-five years ago, America's output of merchant ships, excluding Lake vessels, rose from 157,000 gross tons in 1915 to 3,580,000 gross tons in 1919. According to the *Journal of Commerce*, the volume of merchant ships delivered in 1939 was only 241,000 gross tons; in 1940 the deliveries aggregated 445,000 gross tons, and in 1941 they are expected to reach 860,000 gross tons. Various alterations in the programme announced since last February may bring this year's total to one million gross tons; but, with America's vast resources in materials and industrial skill, it should be possible for the United States to exceed even the 1919 output within a not too protracted time.

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Changes at the Kremlin

The news that Stalin has formally assumed the functions he has long exercised—those of the supreme direction of affairs—is the most significant report that has come out of Russia for some time. In effect, of course, Stalin has been in supreme control since 1924, but he has preferred to exercise his total power through a variety of puppets, and has never sought any other title than that of Secretary-General of the Communist Party and member of the Supreme Council. Now it is announced that he is to succeed M. Molotov as Prime Minister (or Chairman of the Council of People's Commissars), while Molotov will retain the Foreign Office and act as Stalin's assistant. There is inevitably the widest speculation about the meaning of Stalin's emergence into the limelight, and the clam-like quality of Russian diplomacy allows for the most divergent interpretations. It is possible that as the process of purging continues—now fast and furious, now slow moving and unostentatious—the number of men on whom Stalin can rely at all has gradually dwindled. It is not an uncommon phenomenon at the court of an absolute ruler where the desire to gather all the reins of government into one hand is reinforced by the supposed unreliability of all alternative drivers. Molotov has had a relatively long lease of life, but there have recently been signs of *malaise*. In February this year, during a purge in which some officials were dismissed "for not having fulfilled their obligations," the name of Molotov's wife was removed from the list of reserved members of the Central Committee. The process of demotion by stages is customary in Russia, and it may be that Molotov has embarked on his downward journey to oblivion or worse. If this interpretation is correct, the change of office is a matter of domestic politics—the discrediting of Molotov, and Stalin's inability to find anyone else. Yet it is hardly likely, at this time of crisis, to be a matter of domestic politics. A far more probable interpretation relates Stalin's decision to the growing tension with Germany. If a crisis is imminent, Stalin may well prefer to be openly and completely identified with the policy he pursues, since he alone commands the fanatical loyalty and blind confidence of the Russian masses. There remains the major problem of Hitler's plans and Stalin's reactions. The German dictator has the choice of three conquerors of old, westwards with Julius Cæsar, to Moscow with Napoleon, to Syria, Persia and India with Alexander. There is no evidence—beyond a persistent war of nerves the length of the Russo-German frontier—to suggest that he has already made the choice of Napoleon. Still less is it possible to forecast Stalin's reactions. There is that in his career to suggest a preference for the way of compromise, delay and double-dealing. He intrigued rather than fought his way to power. If this trait is dominant, the Prime Minister of Russia may yet play the part set for the former Prime Minister of Jugoslavia and the present Dictator of Italy. On the other hand, it is from Stalin that has come the ever-growing emphasis on Great Russian nationalism. The "military vanguard of world revolution" may yet be set in motion by a reaction as simple and direct as an old-fashioned patriotism.

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Telling the Reichstag

Hitler has pronounced the epitaph on the Greek campaign in a speech which was remarkable as much for its omissions as for what it said. In his assessment of the losses suffered by Germany and the numbers of troops engaged, he seems to have allowed his fancy free play. Claims and counterclaims are, however, of rather academic interest. It is for hints on the next move in Germany's strategy that Hitler's speech will be most closely examined, and in these it is singularly barren. The warm thanks to Hungary and Bulgaria for their "loyalty" suggests that both countries are to receive more compensation at Jugoslavia's expense. Italy's great role in "weakening" the Greek Army is also to receive recompense. It is interesting to speculate where. The historic Italian claim is, of course, Dalmatia, yet it appears to be unallotted, so far. Possibly the claims of Hungary and of puppet Croatia are not yet sorted out. However, Italy has recouped herself by taking Slovenia, and nothing could better illustrate her dependence upon the Reich. There are important German minorities in Slovenia, but so completely are Italian interests subordinate to German, that it is a matter of indifference to the Nazis whether or not the local *Gauleiter* chooses to call himself *podestà*. In the widest sphere of war strategy, Hitler had nothing to say. He called for more arms so that the German Army could maintain its lead, and the German soldier be better equipped "this year and next year." He made no promise of immediate victory, no promise of annihilation for Britain. On the contrary, his references to the further phases of the war were definitely defensive. The Democracies cannot starve or crush Germany into submission. "The German people will never again experience a year like 1918. Force of arms will never make us yield, let alone break us." The tone, surely, is peculiar. To the outside world the problem is still not of Germany being broken, but of Germany breaking Britain. Is it that, with the definite turn of American opinion, Hitler has abandoned all hope of total victory and is working for a stalemate? That he has always envisaged such an outcome is obvious from the consistency with which he has put forward compromise peace terms. Alternatively, it should be remembered, that never was there more talk of a long war and of *Sitzkrieg* than in the weeks before Norway. Hitler's silence may be a preface not to a western stalemate, but to the new offensive.

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Business as Usual

The interviews of the 800,000 or so women born in 1919 and 1920, who have registered for war work, began this week. Actually, though nothing final can be said until some estimate can be made of the numbers actually called up, it appears that only a small fraction will be interviewed; first, those who are unemployed or unoccupied, which includes women doing only household duties (but not domestic servants), and those doing unpaid or part-time work; and, secondly, the women who "when registering, stated that they were available for transfer to war work *and* volunteered for such work." The great majority, it is said, that is, all those who are officially described as being engaged in the "normal" industrial or commercial work of the country, will not be called upon; they are all doing "useful" work, it seems. This is not industrial mobilisation. "Ossification" would be a better word, for the general belief that everyone who works in wartime is doing war work is going to be deliberately confirmed. The parade of a national registration was hardly needed simply to rope in the unemployed. Women can now stay quite happily, with official approval, in work which

provides no contribution to the war effort at all; they are seemingly not even to be labelled as "available" or told to expect a summons when the number of vacancies grows. This astonishing situation will also be true of the men over military age who have registered, for they, apparently, are to be interviewed on the same principle—that of "do not disturb." The fact is that the National Work Register seems likely to be a historic sham—even though the biggest bottleneck in the war economy, by contrast to the enemy, is labour. It is true that the limitation of supplies and the concentration of industry will increasingly displace workers. But there is no guarantee under the present arrangements that many of these will not drift into non-essential work and stay there; and, in any case, if the war is not to be lost, the need for fresh war workers in the coming months and years has no limit. The vast pool of non-essential labour in distribution, domestic service and office work is apparently to be left stagnant, and, blessed with the Government's diploma of "usefulness," the millions who are contributing nothing to the war effort can go on losing the war with a clear conscience.

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Cautious Progress

It has now been announced, after widespread public pressure, that petrol allowances will be cut in June. The authorities are still unwilling to lay down the harsh principle that no petrol should be used for pleasure, and the cut is to be made in the supplementary allowances given for business purposes. It is, of course, true that there has been notorious waste and diversion of the extra petrol allowed in bulk to contractors and other business undertakings. It is well known that far too many supplementary allowances are granted to individuals. Saving could be effected by pruning these allowances, and the chief sources of supply for the "black markets" could thereby be closed. The danger of any flat-rate reduction would be that many men and firms who at present genuinely need every drop of their allowances for business purposes would be penalised together with the leeches. The basic ration for all car users is, apparently, to remain. Some waste of resources, even in total war, may admittedly be permissible for the sake of what is loosely called "morale"—which in the long years of this war may be of decisive importance. But there are two provisos: the military effort, which includes the shipping position, must not be weakened; and no chance to shorten the war must be missed by over-tolerance for civilian conveniences. It may be the Government's view that every owner of a licensed car is entitled to the limited use of his car afforded by the basic ration; or, perhaps, that most car-owners could claim a small number of more or less essential uses for their cars which the ration will normally cover. But it is remarkable that the only cuts contemplated are in the allotments which are ostensibly granted after a careful scrutiny of essential needs.

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Decisions on petrol rationing rest, of course, with the Government; administration of the scheme and—presumably—responsibility for advising the Government remain with the Petroleum Board, a body which represents only the oil companies. The Petroleum Board is an example of the obnoxious practice that has been all but universally followed in this war of appointing Controllers from the trades they control. Indeed, it may be considered the extreme example since, though it has public functions, it is self-appointed. Readers of *The Economist* are familiar with the very grave objections to this system of organisation; with the very best will in the world it necessarily increases the difficulties of distinguishing between private and public, peacetime and wartime, interests. But (since misunderstanding appears to have been aroused by a reference last week) it is perhaps necessary to state explicitly that the objections do not rest on any suspicion of lack of patriotism or public spirit in the members of the Petroleum Board or any other controlling body.

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The Western Desert

The German advance still halts at Sollum, and during the past week the initiative has to a great extent passed to the British forces. A heavy German-Italian attack on Tobruk, launched on April 30th, was brought to a standstill after piercing the outer defences. Thereafter the British garrison counter-attacked, and after a fierce fight, during which the enemy lost at least eleven tanks, the besiegers were driven off, the gap closed, and the defences restored. On the night of May 3-4 the British continued their offensive action and broke up the preparations which the enemy was making for a renewal of the attack. It is probable that the presence of this unreduced fortress on the flank of the German advance is still having an inhibiting effect on the Axis troops. By sorties and counter-attacks, the British garrison has already made 3,000 prisoners, and the threat offered by their activities is exactly the kind which the Germans with their long lines of communication can least afford. Round Sollum, the front is obviously in a state of flux, and it has been possible for British mechanized columns on at least one occasion temporarily to cut the Bardia-Tobruk road. And all the time the RAF is complementing these harrying tactics by sustained attacks on airfields, ports, columns on the march, and mechanized transport. Nevertheless, the lull can only be a temporary one. Transports continue to make the crossing from Sicily to Tripoli. Stores and ammunition are being moved up, and the attack when it comes will make furious and unexpected use of all the resources at the disposal of the Axis in Africa. It is by no means certain that the attack will be confined—as it has been hitherto—to the coastal plain. The five oases of the Western Desert—Siwa, Baharia, Farafra, Kharga, and Dakhla—are potential stepping stones from the Libyan frontier to the Nile Valley. Siwa is only 75 miles from the Libyan post of Jarabub, and is linked by motor road with Mersa Matruh. Good desert tracks run between Siwa and the four oases farther south, and of these Kharga is connected by rail with the main Cairo-Khartoum line. Hitler has shown a preference for unorthodox routes which expose unprotected flanks and leave the main armies intact but surrounded. A drive to the Nile above Cairo would cut land communication with Abyssinia at a time when the northward movement of men should

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become accelerated and would place a strain on the Sudanese forces which they may well be unprepared to take. These possibilities are, of course, familiar in Cairo, and General Wavell can be relied upon to have made appropriate preparations.

* * *

The Food Question

Last week's food debate in the House of Commons deserves more attention than it has yet received. A good deal of publicity has been given to certain rackets which were "revealed"; but despite a general preference among the speakers for avoiding the major issues and pursuing minor anomalies at length, the occasion once more drew attention to the one outstanding weakness of existing food policy. The trouble is that the essential problem, the increasingly feverish scramble for unrationed foodstuffs, has not been tackled at the root. So long as the problem is approached by a combination of partial price control and the timid extension of rationing, competition for those commodities whose sale is unrestricted must grow; and the solution is a drastic extension of group rationing or the imposition of an upper limit to personal food expenditure. As many speakers pointed out, and as Major Lloyd George recognised, the fish situation cries to heaven and is a grave reproach to the Ministry. The position with regard to canned fruit and vegetables is far from satisfactory; consumption is unnecessarily high and prices are rising. On the question of the provision of extra rations for men and women on heavy work, there appears to be a good case for following the precedent created by the provision of extra cheese for agricultural workers and miners. But it is perhaps not generally realised that the unwillingness of the Ministry to extend this principle is due to the knowledge that it would involve definite cuts in the rations of the ordinary citizen.

* * *

Defence of the Union

It is still the case of the Opposition in South Africa that this is "England's war"; and, as South African troops fight farther and farther from the Union's frontiers, protests grow. When the war started, it was understood that the troops recruited would serve in the defence of South Africa—somewhere south of the Zambesi. It was later argued, very reasonably, that the defence outposts of the Union in the struggle against Italy and Germany might be north of the Equator. South African soldiers and airmen moved to Nairobi and beyond. They took a notable part in the destruction of Italy's East African Empire, and now they are to move to North Africa, to the Mediterranean itself. This is common sense. The defence of the British Commonwealth and Empire, of the whole and of the separate parts, is indivisible. Anzacs defend Australia and New Zealand in the Near East. Indians defend India in Irak. Canadians defend North America in Britain and over Germany. The South African forces themselves have no complaint; but the Opposition grumbles. They ask whether it is the intention that the Union should become a Colonial Empire; they ask what South Africa owes to Abyssinia; they ask whether Haile Selassie will refund to the Union the expenses of the Abyssinian campaign. But, except in the failure to see that the African campaigns, however distant, are in South Africa's defence, they are not consistent: some protest at fighting for British interests and British "imperialism"; Dr. Malan, on the other hand, speaking for South African racialism, and referring to "the policy of extending South Africa's frontiers up to who knows where," asks, "Are we going to make a white man's country of South Africa and keep it so, or are we going to make a colossal native compound with a white patch at one end of it?" The war and recruitment continue. While the Opposition is mostly convinced that "the war has already been lost"—which is the real basis of their attitude—the great bulk of the South African people take pride in the achievements of their troops; and wherever they fight in Africa, or even in Asia (for which, if it became necessary, he would seek authority from Parliament), General Smuts will have general backing.

The War of Nerves

From Paris to Dakar there are the stir and uneasiness which usually precede some major political crisis. There are renewed rumours of German reinforcements to the already large German Armistice Commission in Morocco. General Weygand is said to have protested in vain against the flood of visas granted to German agents by Vichy, and many observers find it ominous that the *Jean Bart* is believed to be lying in Casablanca with a full war complement of men and armaments. Further north, there are persistent rumours of Spanish reinforcements in Tangier and Spanish Morocco. In Spain, Independence Day brought truculent warnings to the "pluto-democracies" that Spain "is master of her own destiny," which reads strangely beside circumstantial reports of the extent to which Biscaya and Galicia have passed under German control. Finally, in France, Admiral Darlan's negotiations with Paris have borne fruit in the shape of an agreement with Germany. According to its main provisions, the Nazis are to permit the transport of foodstuffs, coal, iron and other goods across the frontier between Occupied and Unoccupied France, and to reduce the cost of occupation by one quarter (from 400 million to 300 million francs daily). The French *quid pro quo* is given no publicity, and although there is a new under-current of hints that Vichy-France should take vigorous action to restore the Free French Colonies to their "allegiance," it is unlikely that the Germans are yet in a position to exact political or military concessions without risking a break with Vichy. Marshal Pétain's prestige and the twilight status of "neutral" France are far too valuable for the Nazis to risk such a breach. The Germans know that both Marshal Pétain and the Caudillo would oppose any definite scheme of military co-operation, but their countries are being submitted to the full blast of a war of nerves at high pressure in the hopes that, with a sweep of victories from the Eastern Mediterranean, they may be stampeded by their more impressionable Ministers—a Suñer or a Darlan—into action which their better judgment rejects.

* * *

Iraq's Oil

The importance of Iraq's oil lies more in Hitler's desire to have access to it than in any indispensability to the Allied cause. From Hitler's point of view, the Iraqi production—normally about 4 million tons of crude a year—is the most accessible large field after Roumania. The Caucasian field is perhaps geographically more accessible, but he may judge the political and military obstacles to be too severe. If Hitler can hold Iraq and the Eastern Mediterranean, and if he can either capture the double pipe-line (to Haifa in Palestine and to Tripoli in Syria) intact or repair it, he will be well on the way to a considerable increase in his petroleum supplies. These are, of course, large ifs, and there would also be the problem of transporting the oil—refined from Haifa, where there is a large refinery, crude from Tripoli—to Germany. All in all, there is little prospect of any Iraqi oil for Germany in 1941, even if everything goes like clockwork in the Middle East. But that is undoubtedly Hitler's game. From the British point of view, the Iraqi oil is no more than a convenient supplement to other supplies. In 1938, less than 5 per cent of the petroleum supplies of the United Kingdom came from Iraq. It may be that in wartime the Mediterranean Fleet is making more use of the supplies conveniently to hand at Haifa. But there are other supplies not far away. The Persian Gulf fields—Iran, Bahrein, and Saudi Arabia—produce and refine nearly 12 million tons a year, and Egypt's oil production is rapidly approaching the million ton mark. If Hitler has Alexandrine ambitions he may dream of occupying these oil fields too. But even he can hardly dream of having such naval control of the Persian Gulf, the Indian Ocean, the Red Sea, the Suez Canal, and the Mediterranean, *and* enough tankers in those waters to be able to use a drop of the oil they produce. On a relative calculation, therefore, the enormous balance of advantage in the oil politics of the Middle East lies with sea power. The important thing to do in the immediate future is to prevent Hitler from getting the Iraq oil, even if that involves denying it to ourselves. The main British supply is, in any case, at the other end of the world. In 1938, 48.8 per cent of

the United Kingdom's oil came from the Caribbean and South America and a further 18 per cent. from the United States, and it is safe to assume that the proportion taken from the west rather than the east has risen since the war began.

* * *

By Any Other Name

"Co-prosperity" hath a wondrous fair sound. As a description of the material bliss due to be introduced into eastern Asia by the signature of two economic agreements between Japan and Indo-China, it may prove overrated, at least as far as the latter State is concerned. The purpose of the two agreements is to provide for the economic domination of Indo-China and its exploitation by Japan. The model that Germany has given to the world, as the fruit of Dr Funk's experimentation in the Balkans, is more or less closely followed. Thus, French Indo-China is to admit Japanese capital for the development of agriculture, and mining and hydraulic concessions. Increase in mutual trade is to provide a market for rice, maize, coal, and minerals from Indo-China in Japan, in return for which Japan will despatch textiles and manufactured goods. The crux of the matter, the rate of exchange at which these goods will pass, is not yet apparent. It is to be suspected that the rate of exchange between the agricultural products of Indo-China and the finished goods from Japan will be strongly in favour of the new masters of eastern Asia. So far as the treaties are concerned, it appears that customs barriers in Indo-China are to be scaled down more substantially than those in Japan, but it would be rash to conclude from this that the terms of trade are to be in favour of Indo-China. The solution is probably to be found in the provision in the second of the two treaties, which admits Japanese commercial firms to Indo-China. Any apparent concession to the inhabitants of Indo-China will no doubt be appropriated by Japanese-controlled enterprise. It will be interesting to see what manufactured articles the Japanese will, in fact, export. What is the Far Eastern equivalent of aspirin?

* * *

Debating Public Schools

It was perhaps inevitable that the second reading debate on the Public and Other Schools (War Conditions) Bill should produce the usual attacks on the public schools, in spite of Mr Ramsbotham's valiant attempt to parry them by emphasising in his opening speech that the Bill had nothing to do with the "public school problem." One or two members got round this by asserting that, if the House did not pass the Bill, the public schools would have to close down—which would help the war effort. Others were more sensibly concerned lest the power to alienate endowment funds would mean that scholarships for poor boys would be reduced in order to maintain masters' salaries. Actually, the Bill itself is a perfectly innocuous measure. It does not ask for a penny of public funds to be voted, and the Board of Education and the Lord President of the Council can refuse to permit an alienation of funds which would prejudice the interests of the beneficiaries of the endowment. But the bad temper and testiness produced by such an unimportant measure show once again what an impossible position has been caused by the peculiar benefits which a public school education confers. How very real these benefits have become in this century is illustrated by the undignified attempts of schools outside the pale to get themselves admitted. The Public Schools Acts of 1868 and 1873 only allow the distinction to seven schools, which with the 24 or so administered by bodies incorporated by Royal Charter will have to make their applications to alienate funds to the Lord President of the Council. But Paton's List of Schools includes 183 so-called public schools, and it may well be that in the course of time the description will apply to every grammar school and other secondary school in the country. Not that this will redress the balance against secondary schoolboys unless they can at the same time acquire the public school manner and accent. Not very long ago, however, the headmaster of a Lincolnshire grammar school actually announced that he was going to teach his pupils the "southern accent," in order to help them to get jobs. It is this state of affairs which "is perpetuating snobbery"—the words of one of the Labour speakers in last week's debate—not the Bill which was then under discussion.

* * *

Family Allowances

It is to be hoped that little time will be lost in debating the motion proposing the introduction of a State-paid scheme of allowances for dependent children which has been tabled by Wing-Commander Wright, Miss Eleanor Rathbone and Dr. Edith Summerskill. This motion is now supported by some 120 members of all parties; and, in these days, there is little need to argue the case for the provision of family allowances through all its stages. It is sufficient to point out that allowances are, in fact, enjoyed by all citizens with families who are subject to income tax, and also by unemployed persons in receipt of insurance or transitional benefit. With the recent extension of income tax to cover the aristocracy of labour, the only section of the community which is virtually without any State provision for its children is the mass of working class families. The provision of family allowances for this section of the population would remove an anomaly rather than introduce an innovation. The social benefit would be out of all proportion to its scope, for it is precisely among the lower working class incomes that the rearing of a family presses most injuriously on the standard of living. The fear of trade unionists that the "wage level" would be depressed by the provision of allowances is no more justified than the assumption that the wage level—in the abstract—will adequately support an average family capable of maintaining the population. It would be an advantage if the sponsors of the motion would extend its scope to include the provision of certain allowances in kind. The National Milk Scheme is already a form of family allowance, and the principle could be extended indefinitely.

* * *

Concentration in Whitehall

Now that the common-sense step of merging Transport and Shipping in a single Ministry has been taken, it is tempting—simply as a somewhat speculative exercise in political theory and with no very serious intent—to scan the Departments for other places where "telescoping" might be possible. The amalgamation of Food and Agriculture in a single Ministry of Food Supply would be a useful step towards the making of a single and consistent food policy; and it has always seemed logical, in theory, though not probably, a really practical proposition, that the Ministry of Supply should cover, not only industrial capacity and materials, but labour as well, with three departments, Munitions, Materials and Manpower. With these three Ministries—Wartime Communications, Food Supply and War Supplies, each with its component but co-ordinated departments—the framework of war economy might be much more evident and apt than it is at present; there would, of course, be the Treasury; and a Ministry (or Board) of Trade, with departments of external and internal commerce, while more miscellaneous than its colleagues, would round off a very formidable economic quintet. The picture may be fanciful, but it is attractive.

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THE WORLD OVERSEAS

South America's Airways

(By a Correspondent)

May 1st

FOR the maintenance of close and friendly relations with the South American republics there is to-day hardly any need more urgent than that of air communications. The lines under German or Italian control comprise more than 20,000 miles of scheduled routes. In South America, Pan-American Airways fly over 15,000 miles; their affiliated companies include another 11,000; and their Caribbean services must give them some 40,000 miles of flying lines in Latin America. Certain other small independent companies maintain local services, and in Central America, the Taca, owned by a British subject, covers the area with a close network of freight and passenger services. The Dutch K.L.M. service, connecting Surinam with Curaçao and the coasts of Venezuela and Colombia, has been suspended by the Germans, and Air-France, which provided a transatlantic service via Dakar, collapsed with the fall of France. These facts, therefore, have to be faced: the predominance among European lines of Axis interests, the great trunk services of Pan-American Airways, and the absence of British enterprise on any substantial scale. Indeed, the successful British company in Central America owes its results not to the support of interests in England, but to the initiative of its owner and manager.

The subject has two distinct aspects, transatlantic services and internal development. An airmail letter from London to Buenos Aires usually goes first to Lisbon, thence in the Pan-American clipper to New York, and thus down the coast. Theoretically, this should only take a little over a week. But the pressure on the mail space, difficulties of exact connections and, sometimes, bad weather usually mean that two to three weeks elapse before arrival—without allowing for censorship. During the past winter, surface mail from Buenos Aires has even reached this country before the corresponding airmail. When Air-France was running, it was possible to get a letter to Buenos Aires in under a week.

The Axis powers are not thus embarrassed. In December, 1939, the Linee Aeree Transcontinentali Italiane (Lati), a heavily subsidised offshoot of the Ala Littoria company, inaugurated the Rome-Rio service. The principal ornament of Lati is its managing director, Bruno Mussolini. As Lufthansa's transatlantic services were suspended at the outbreak of war, Lati alone now flies the South Atlantic. The service is maintained by trimotored Savoia Marchetti S 83 T convertible bombers. The Rio-Rome route takes three days and goes via the Cape Verde Islands, Rio de Oro and Seville. These planes are of inestimable value for propaganda material, and, it is safe to assume, a good deal else besides.

German Penetration

Internal air communications present an equally disquieting picture. Of the German lines the Condor syndicate is the most aggressive. It flies the Brazilian flag but is controlled by the Deutsche Lufthansa, and that it is the spearhead of German aerial penetration in South America can hardly be doubted. It maintains its own aero-photo-grammetric section. Its passenger fares are well below those of Pan-American Airways, and revenue is not its primary consideration; some of its lines into the Brazilian interior are definitely uneconomic but provide useful transport for government officials. "Test flights" have recently carried Condor planes so far out to sea that the Argentine Government showed concern. No non-scheduled flight beyond the range of vision from an Argentine airport can now be made without an army observer on board.

Lufthansa's operations are closely connected with Condor's. The Rio-Natal service, an essential transatlantic link, was opened in 1930; the Graf Zeppelin made its first landing at Rio in that year; and in 1934 the Lufthansa-Condor combination established a weekly airmail link between Europe and South America, which operated up to the war. Since then Lufthansa's internal services have been mostly taken over by Condor, and the transatlantic service has been left to Lati.

There are other German companies in South America, but they are all connected in devious ways with the Lufthansa-Condor combine. Such activity has not passed unnoticed. Lufthansa in Peru had its licence cancelled early this year; Sedta, a small company in Ecuador, is under close surveillance. Scadta, in Colombia, is different. It was founded in 1919-20, and in 1931 Pan-American Airways acquired control. But the personnel remained largely German, and, finally, after various adjustments, the company became merged with Avianca, a Colombian concern. In 1940, the German technical staff and most of the executives were discharged.

The Pan-American Airways service is sufficiently well known; the Lisbon-New York flight is a vital line for Anglo-American communications. In Latin America there are extensive routes in the Caribbean, and two main trunk lines down the east and west coasts. Buenos Aires is now within four days of New York, and directly linked with Santiago and La Paz. The service is regular and efficient, but expensive. Pan-American Airways have unquestionably made a real contribution to inter-American relations, and the mere mechanical business of organising inter-American conferences is now much facilitated.

A Remarkable Enterprise

Taca (Transportes Aereos Centro-Americanos) operates in the five little republics of Central America and in Western Panama. It is owned and managed by Lowell Yerex, a New Zealander, and, in spite of limited coverage, is the most remarkable adventure in aviation in Latin America. Yerex turned up in Central America in 1931, the pilot of a single aircraft, without any influential backing and without any company behind him. Last year, Taca carried 11,000 *tons* of freight, 3½ million pounds of mail, 65,000 passengers, and large quantities of baggage. One-hundred-and-fifteen airports belong to the company.

Taca has conclusively demonstrated three important factors for the future of aviation in Latin America. First, the aeroplane is a freight carrier; until recently the whole chicle trade of Guatemala was carried by Taca, and the gold mines of Nicaragua import their machinery and export their gold by the same means. Secondly, by careful planning it is possible to bring air travel within popular reach; most of Taca's passengers are farmers. Thirdly, aerial communications do not mean trunk lines only. Whole regions can be intensively developed by air, especially when land routes are difficult, and not only does the region itself benefit, but the trunk lines find much-needed feeders.

It is lamentable that such experiments—there are one or two other small British ventures—have been so few. Latin America, although clearly offering vast opportunities, has failed to strike the British imagination, and the initiative has gone to competitors. An exploratory commission from London visited Buenos Aires a few years ago, but the war has prevented action. We are thus almost entirely dependent upon Pan-American Airways, first, for the transatlantic service, and, secondly, for continental air transport. That "Pan-Am." have this service so well organised is all to their

credit, but the experience, for example, of Taca, shows that there is an encouraging future for British enterprise; if Britain herself finds her hands tied, it may be hoped that Canada, which is rapidly forging new commercial links with Latin America, will seize the opportunities.

Improvement in Eire's Supplies

[FROM OUR DUBLIN CORRESPONDENT]

April 29th

THE position with regard to supplies has improved. The petrol ration has been increased and private motorists will be able to take to the road again. The existing stocks of flour will enable the country to tide over the harvest, after which the mixture of other cereals with wheat may be necessary. Efforts are being made to import wheat, but the difficulties are great, and there is the special danger of cargoes being sunk. No reliance, therefore, can be placed on imports, and the food programme is based on the need for Eire to be completely self-supporting—which is luckily possible. The Minister for Supplies, in announcing the improvement in the situation, expressly disclaimed the allegation that the shortage of supplies was the result of any external pressure. "The difficulties," he stated, "are an inevitable outcome of the war and will end only when the war ends." The Minister also stated that "it is a dangerous fallacy that all the country's present difficulties could be avoided by some manipulation of the currency or by some wider ultilisation of bank credits," and proceeded to point out that "the false idea that financial difficulties are impeding effective action might not merely cause mischief, but would, if it persisted, prevent the concentration of effort on the realities of the situation."

The Engineers' Association has published two very valuable reports dealing, respectively, with the present fuel situation and with the fuels and materials available for emergency transport. In the former report, it is stated that the normal annual fuel consumption in Eire consists of 2,500,000 tons of coal, 3,500,000 tons of turf, 40,000,000 gallons of petrol, 10,000,000 gallons of gas and oil fuels, 4,500,000 gallons of crude petroleum and 18,000,000 gallons of paraffin oil. Of the coal, 60 per cent is used for domestic and 40 per cent for industrial purposes. In order to maintain industries and rail transport, at least 500,000 tons of coal must be imported. The substitution of home produced fuel for coal would involve the solution of four problems: first, the winning of 3,000,000 additional tons of turf; secondly, its transport; thirdly, the conversion of industrial furnaces for native fuels, and, finally, the conversion of domestic stoves and ranges. The winning of the additional turf would employ 300,000 men for a hundred days a year. The transport of the turf would necessitate the control of the railways and canals on an emergency basis.

The report on emergency transport states that the number of mechanically propelled road vehicles is as follows: private 50,000, goods 10,000, public passenger 5,000, steam 100, electric battery 70, motor cycles 3,000, miscellaneous, including agricultural tractors, 2,000. Upwards of 90 per cent of these vehicles depend upon petrol or oil. The problem of substituting alternative power is a threefold one, of material, of equipment and of fuels. Considerable difficulties exist under each of these heads. From the point of view of materials, the most hopeful possibility is the conversion for use of town gas, but the supply of this gas depends upon the continued import of coal, which is by no means certain. The conclusion is reached that only one-tenth of the private and commercial vehicles in the country could be commissioned to use substitute fuels on the basis of available resources.

Higher Cost of Living

The announcement by the British Chancellor of the Exchequer of his intention to prevent the cost of living from rising more than 25 to 30 per cent above pre-war level is of interest to people in Eire owing to the close connection between the currencies of the two countries. In the Report of the Banking Commission attention was drawn to the necessity of keeping up the internal value of the Irish pound if the parity with sterling was to be maintained. The following figures, which are taken from the *Irish Trade Journal*, show that, in spite of considerable differences in the increases in the various groups composing the index, the cost of living index numbers have increased by practically the same amount since the beginning of the war.

PERCENTAGE INCREASES.

	United Kingdom 1st Sept., 1939, to 1st Feb., 1941	Ireland mid-Aug., 1939, to mid-Feb., 1941
Food	24	24
Clothing	65	36
Fuel and light	24	46
Total (including rent and sundries)	27	26

In view of the large sums which the British Government proposes to devote to the subsidising of essential commodities and of the difficulties of the supply situation in Eire, there is a possibility that the cost of living in Eire will rise more than in Great Britain. Such a divergence between the index numbers would point to the overvaluation of the Irish currency.

Arbitration in Australian Labour Disputes

[FROM OUR SYDNEY CORRESPONDENT]

March 31st

THE rapid expansion of industrial production since the outbreak of war has caused serious maladjustments in Australia's labour conditions. The shortage of skilled workmen inevitably brought pressure to bear on the existing skilled labour force, with the result that there was a great deal of overtime worked. Plans for training additional skilled workers have been put into effect, but they have not yet restored equilibrium and long hours of overtime continue in munition industries. In this atmosphere of strain it was only to be expected that labour disturbances would occur.

The Commonwealth arbitration system of wage fixation had certain weaknesses, the most outstanding being that Court procedure was cumbersome and the hearings of applications for wage adjustments were frequently long delayed. This weakness, sufficiently annoying at any time, was intolerable under the rapidly changing conditions of war. One of the first actions of the Advisory War Council, on its establishment towards the end of last year, was to survey the arbitration system and recommend ways by which it could be improved. Regulations were issued, based on the Council's recommendations, which amounted to a complete overhaul of the then existing machinery with the object of fitting it to consider and settle grievances promptly whether these were local or Commonwealth-wide in their application.

The most important alterations may be briefly summarised thus:—

Three more Conciliation Commissioners have been appointed, making four in all. These Commissioners are closely linked to the Arbitration Court and are under the jurisdiction of the Court's judges. Their duty is to investigate any disputes immediately and on the spot, forming their own committees of employers and employees and working in close contact with trade union officials. In matters of local import, the judge may empower the Commissioner to arbitrate without referring the matter to Court.

SETTLE ALL QUESTIONS as to
PROTECTION FOR YOUR FAMILY,
PROVISION FOR YOUR OWN FUTURE, AND
SAVING FOR THE COUNTRY
by means of a policy with
NATIONAL PROVIDENT INSTITUTION
FOR MUTUAL LIFE ASSURANCE
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Important reforms of Court procedure have been agreed upon to speed up the machinery. The limits imposed upon the Court, restricting its authority in those disputes which concerned only one individual State, have been removed for the duration of the war.

Further important powers have been added by giving the Court authority to act on its own initiative, and authorising the Minister for Labour and National Service to direct the Court to carry out an investigation into any matter which has either led to, or in his opinion is likely to lead to, a strike or stoppage.

Special emphasis has been placed on the necessity for the Court to make the maximum use of employers' and employees' authorised representatives in order to cut down formal evidence and so expedite decisions.

The Court is now empowered to make a flexible common rule for an industry, or part of an industry, or a group of industries, according to its own discretion. If, however, there is a likelihood of the Commonwealth ruling impinging on the findings of a State Tribunal, the two authorities are to adjust the matter between themselves.

Finally, it is now provided that any organisation or employer, knowing of any matter which may lead to a cessation of work, is expected to inform the necessary authority so that the Court can take action.

The decline in industrial disputes during the past weeks may, it is true, be partly attributable to increasing war tension and to the active participation of Australian troops ; nevertheless, the improved arbitration system has undoubtedly played an important part.

An interesting public announcement was recently made by one of the Commonwealth Arbitration Court judges which stresses the importance of conciliation by the Court. Of eleven important cases for the renewal of awards settled through him since the outbreak of war, four were settled by agreement ; three substantially by agreement ; one partly by agreement ; and only in three cases was no agreement reached without Court action.

The Distribution of American Trade

[FROM OUR NEW YORK CORRESPONDENT]

March 22nd.

THE foreign trade of the United States in 1940 showed a large increase over that of recent years.

MERCHANDISE TRADE

($000,000)

	Exports (incl. Re-exports)	Imports for Consumption	*Export Surplus*
1937	3,349	3,010	*265*
1938	3,094	1,950	*1,134*
1939	3,177	2,276	*859*
1940	4,021	2,540	*1,396*

In the table, the balance is the excess of general exports over general imports, not the "imports for consumption (retained imports)."

EXPORTS BY GRAND DIVISIONS ($000,000)

(including re-exports)

	1937	1938	1939	1940
Africa	152	118	115	161
Asia and Oceania	679	610	640	715
Europe	1,360	1,326	1,284	1,645
North America	840	740	806	1,070
South America	318	300	369	435

GENERAL IMPORTS BY GRAND DIVISIONS

($000,000)

	1937	1938	1939	1940
Africa	92	55	77	131
Asia and Oceania	1,036	586	723	985
Europe	843	567	620	390
North America	690	490	581	694
South America	422	263	318	395

These figures show an excess of exports to each of the "grand divisions" in 1940, except Asia and Oceania. In each of the past four years, the trade has shown an excess of imports in 1937, 1939 and 1940—only the recession year of 1938 reversed this balance. The trade with South America showed an excess of imports in 1937 and a rather small excess of exports in the three subsequent years.

Since June, so far as our trade is concerned, for Europe, read the United Kingdom. In the last half of 1940, monthly exports to the United Kingdom ran about double the average of the first half. For the imports, the average held roughly through the year (about $18 millions a month) ; slightly above 1939, well above 1938, but below 1937. For the year the total imports from the United Kingdom were $155 millions, or under half of the total imports from Europe, hence the figures for the year 1940 are far from representative of the current movement.

Comparing 1940 with 1915, our exports averaged rather higher—$335 millions a month, against $296 millions ; but our imports are much higher, averaging $219 millions, against $148 millions. However, our exports to Europe in 1940 averaged $137 millions, compared with $214 millions in 1915 ; and our imports from Europe $32 millions, compared with $45 millions in 1915. Not all of this shift is attributable to war influences. A generation ago, foreign trade meant, to the U.S.A., trade with Europe ; now it is much more generally distributed. While it is obvious that the present distributions are dominated by the war, one would certainly hesitate to suppose that either present or previous distributions would hold in the future.

The Tempo of Defence

The increase in expenditure for national defence, noticeable from the beginning of the current fiscal year, has accelerated rapidly since the end of the calendar year 1940.

The following table shows the movement :

EXPENDITURES ON NATIONAL DEFENCE

($000,000)

	For Month	Accumulated		For Month	Accumulated
July, 1939	109	109	July, 1940	177	177
Aug.	114	223	Aug.	199	376
Sept.	108	331	Sept.	219	595
Oct.	115	446	Oct.	284	879
Nov.	118	564	Nov.	365	1,244
Dec.	125	689	Dec.	460	1,704
Jan., 1940	132	821	Jan., 1941	561	2,265
Feb.	129	950	Feb.	576	2,841

Shorter Notice

"The Ukraine." A History. By W. E. D. Allen. (London) Cambridge University Press. 404 pages. 21s.

This history of the Ukrainian people, which is as much a history of Russia and Poland, is a timely addition to the history of Eastern Europe. A postscript, entitled "Ukraine and Europe, 1939-40," deals with the partition of Poland between Germany and Russia and the occupation of Western Ukraine by Soviet Russia. This was a severe blow to the Ukrainian nationalist movement, which itself appeared as a result of the general nationalist developments in Europe during the 19th century. Before 1914-18, the Ukrainian nationalist movement was largely dependent on German and Austrian assistance ; and the mass of the Ukrainian people, peasants and industrial workers, showed little interest in national independence. In 1918, Germany failed to create an independent state, and the Soviet Ukraine became part of the Union of Soviet Republics. In 1938, Soviet Ukraine produced 55 per cent of the total Russian output of pig iron ; but Ukrainian industry is not an independent whole. The Soviet Government systematically binds southern industry to other parts of the Soviet Union ; and a similar policy is pursued in agriculture. To-day Soviet Ukraine is not the granary of Russia. It is the most important part of Russia's industry, and is rapidly developing into the most highly industrialised part of the Union. But it still remains for many the enticing transit country from Central Europe to Asia.

German Europe

Oil.—The Germans have taken a big step in the direction of a European war economy by founding a Continental Oil Holding Company, the *Kontinentale Oil AG*, Berlin. The company is a joint undertaking of eight large German combines, including the leading oil companies, the *Deutsche Erdoel AG*, the *I.G. Farben*, *Wintershall AG* (potash and oil), the *Reichswerke H. Goering*, and the leading producers of synthetic oil. More than half of the aggregate capital of the founders is State owned, and all the companies are large integrated combines manufacturing oil, coal, potash, metals, iron and steel, and chemicals. The company will start with a capital of Rm. 80 millions; Rm. 50 millions will be provided by the founding companies, and Rm. 30 millions will be offered to the public by four of the Big Five banks, led by the *Deutsche Bank*. The purchase of foreign oil interests on a large scale is to be expected.

The importance the Germans attach to this new company may be seen by the fact that the Minister for Economic Affairs, Dr. Funk, is the director; and the head of the "Wehrwirtschaft and Armament Department" of the High Command of the Fighting Forces, General Thomas, is a member of the board of directors.

At the end of April, hardly four weeks after the company was founded, the first results were reported from Roumania. The new company undertook the supply of drilling and other material to the Roumanian oil industry. The Roumanian oil companies are to be nationalised and all the foreign-owned companies are to be acquired by the Roumanian State. In 1941, 165 wells are to be drilled, as well as 50 test wells; and it is hoped to achieve an increase in output of 300,000 tons. A short time ago one of the founder companies, the *Wintershall AG*, acquired a controlling interest in the Hungarian oil industry with an annual output of some 300,000 tons.

The supply of oil for military as well as industrial activities is one of the most important problems in Germany. So far, the high estimates of an annual wartime consumption of 20 million tons have been very sharply disproved. But it is a fact that the total consumption of oil on the Continent in 1938 was estimated at between 24 and 27 million tons, the higher figure including storage for military purposes. In 1940, the total output of natural and synthetic oil on the Continent may perhaps have reached half the lower figure, that is, 12 million tons.

The largest single source is the Roumanian oil industry. Its output, according to the Petroleum Press Service, fell from 8,704,000 tons in 1936 to 5,815,000 in 1940. In 1939, and particularly in 1940, drilling fell off rapidly. In January and February, 1941, the daily output was still very low; and, without a substantial increase, total output in 1941 will not exceed 5 million tons. One of the main purposes of the activities of the *Kontinentale Oil* in Roumania is the centralisation of the different operating companies and the supply of drilling and operating material formerly imported from the United States. Special efforts will be needed for the manufacture of drilling material, because German companies were already employed to full capacity. The recent course of Roumania's oil exports has been as follows, in 1,000 tons (according to *Petroleum Press*).

	1939	1940	Jan.-June, 1940	July-Aug., 1940
Total exports ...	**4,178**	**3,493**	**1,797**	**1,696**
United Kingdom	629	488	481	7
Germany*	1,285	1,430	375	1,555
Italy†	634	343	156	187
France	238	87	87	0
Switzerland	114	92	21	71
Hungary.....	165	35	31	4
Jugoslavia	150	174	79	95
Bulgaria.....	94	95	45	50
Turkey	30	148	99	49
Greece.....	75	187	74	113

* Czechoslovakia included. † Albania included.

In 1940 exports to Germany increased 11.2 per cent to 41 per cent of the total exports. The changes are easily explained by the German occupation of the Balkans, which began last autumn. Shipments through the most important Balkan ports and loading places developed as follows:—

(in 1,000 tons)

	1938	1939	1940	Jan-June 1940	July-Aug. 1940
Constantza...	3,349	2,758	1,433	1,240	193
Giurgiu	936	1,204	1,246	320	926
Ploesti.....	175	180	606	190	416
Orsova	0	0·4	142	18	124

The Black Sea port of Constantza, handling in normal years two-thirds of total oil exports, was thus reduced to third place in the second half of 1940. Giurgiu and Orsova, the Danube ports, and Ploesti, the production centre where shipment by rail starts, increased their shipments correspondingly. The figures reveal the German effort to reorganise transport by rail and by river. At present, two new pipe lines from Ploesti to Giurgiu and to a place near Orsova, as well as new tank cars, are under construction. It can hardly be doubted that the Germans will be able to ship a great part of the oil output by rail and inland waterways to their consumption and refinery centres.

If the increase in the production of natural and synthetic oil in Germany proper is taken into account, and the small production of annexed Poland and Alsace is added, Germany should be able to increase total oil output in Europe, including Albania and Italy, to well above 12 million tons. But Germany will only be able to supply industries in occupied countries, if those industries are to be used for Germany's war industry, by cutting down civilian consumption to the barest minimum. Unless there is land fighting on the scale of 1940, acute shortage in Central Europe is hardly likely. Certain lubricants and other specific oil products which are not produced on the Continent can be supplied by Soviet Russia.

Outside Germany, the occupied countries are frantically trying to find some source of oil. There are reports of oil prospecting in France. Sweden is developing a shale oil industry similar to those in the former Baltic States. Hungary was able to increase its home output to the point of self-sufficiency, and at the same time all these countries are changing cars over to wood gas generators and the use of liquified gas.

★

Industry in the South-East.—Roumania's industry has been chosen for direct co-operation. Even before the activities of *Kontinentale Oil* began, a characteristic move by the *Reichswerke H. Goering* secured what was called "a co-operation agreement" with the *Malaxa* combine, which controls the leading Roumanian iron and steel plants. The combine includes a modern rolling mill and will probably work for German orders; and raw materials will be supplied by Germany. The Germans claim that the South-Eastern countries developed heavy industries for strategic reasons without any proper raw material bases and without sufficient markets. A "rationalised" South-Eastern Europe under Germany's direction would develop mainly industries subsidiary to agriculture, together with the intensified production of high quality foodstuffs, such as dairy produce, meat, vegetables and fruit. Natural resources like bauxite and non-ferrous metals, however, would be developed on the spot, and there might be possibilities for developing textile industries based on artificial fibres. Heavy industries vital for war industry will "co-operate" with German combines; and this "co-operation" will be effected by purchase, by cartels or by inclusion in a German concern. Industries subsidiary to agriculture, such as meat and fruit packing, machine industries and other civilian industries will be developed "normally" and as far as possible with home supplied raw materials; but specialised industrial products will be monopolised by Germany.

FAMOUS SINCE 1795
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THE BUSINESS WORLD

Investment and the Lyttelton Plan

UNDOUBTEDLY, the Stock Exchange was over-complacent at the outset about the probable effect on its own wares of the Lyttleton scheme for war-time concentration of reduced output in the consumption trades. It was assumed, almost as a matter of course, that the larger companies had little to fear—and perhaps something to gain—from closer organisation whose avowed objective was to limit weak production and weak selling. Only fish of a certain size normally find their way to the Stock Exchange pool, and the market, for reasons partly economic and partly historical, has a relatively smaller stake in the total capital of the consumption trades, with a few exceptions, than in the big staple "heavy" industries, which have for decades been seeking the investor's capital.

Closer consideration of the problem, however, has sensibly modified first impressions. The consumption trades, as a whole, made great headway in this country during the 1920's and 1930's, and the Stock Exchange played quite an important part in supplying the new capital they required. The "shilling" deferred share, whose vogue in new company promotions in the last twenty years has been viewed with such mixed feelings, was a device mainly suited to the flotation of smaller concerns subject to the speculative risks of trades catering for the tastes of a somewhat fickle clientele. In some "Lytteltoned" industries, like cotton and wool textiles, the Stock Exchange has always had a considerable interest. But even the most superficial comparison of a present-day Official List with that of, say, December 31, 1918, will show that the investor's stake has increased considerably, in the meantime, in trades like musical instruments, rayon, hosiery, bricks, household requisites, carpets, sanitary ware.

Further experience gained from preliminary discussions among traders, and from inquiries at the Board of Trade, has suggested that the benefits of "concentration," even to the larger units, will be less automatic than had been at first assumed. It is clear that the authorities, though their primary aim is to release men, factories, and sites for the war effort, conceive themselves, so far as conditions allow, as guardians of the small man's interest. This may have an important bearing on the way concentration is likely to work out in practice. There is only one recognised qualification for a "nucleus" firm—that its works shall be running full time. This condition may be satisfied, broadly, in one of three ways. First, a concern may have reached capacity on a combination of home, export and Service orders. That may be the position with a few lucky small or medium-sized firms turning out more or less specialised products, whose entire plant may be needed to cope with a few good Service contracts. It is hardly likely, however, to be the condition in which the majority of the larger concerns find themselves. In their case, the gap left by severe limitation in the civilian home market, and reduced export trade, will need a great deal of filling. Secondly, a company may, by shutting down some of its factories or parts of factories, bring about full production in the others. This is likely to be the characteristic method adopted by the larger units, and it has already secured official recognition, e.g., in the case of Courtaulds. The third method involves co-operation between a number of separate firms, with a pooling of quotas, machinery or labour, or agreement by one unit (in this case a "nucleus" in the true sense) to turn out the quotas of the others at cost. This is the method the Board of Trade particularly favours, because it secures immediate concentration with the least possible extinction of goodwill, trade marks, and established connections, which may become national assets again after the war.

For the majority of firms, by number, the third method, or some variation of it, is likely to be the most widely adopted—particularly if, as seems not improbable, the bulk of actual "telescoping" is eventually done under the direct instructions of the authorities, in default of voluntary local agreement within the stringent time limits the Board of Trade has, rightly, laid down. If local preferences, however, still carry weight, geographical and labour factors being equal, it may be questioned whether the smaller firms will be particularly anxious to go under the wing of the big combines rather than join with firms of their own class; for they will naturally regard the former, in possession of their trade secrets and customers' lists, as the more formidable post-war competitors. Naturally, to the extent that the large concerns do in fact take over the production of the smaller on a "cost" basis, their own profits will be increased, since the considerable reduction in overheads under full-time running will be shared between their own output and that of the "taken over" firms. But if, in fact, the authorities favour arrangements among the smaller firms *inter se*, then the combines will have to rely for economies in expenditure on their own internal arrangements, and will actually be denied the opportunities, which might have come their way under a *laissez faire* régime, of absorbing distressed competitors on bargain—or at least favourable—terms at a later stage.

All this has obvious relevance for Stock Exchange investors, since most of the leading market issues, at least, in the trades affected, are those of the bigger units. Given the necessity for reduced production any-

Companies in "Lyttelton" Industries

Industry and company	Total issued Capital (including debentures, if any)	Latest figures: Date	Earned for ord. %	Paid on ord. %	Current price of ord.	Yield %
Textiles:						
Ashton Bros. £1	432,000	Dec. 28, '40	12·9	10·0	14/–	4·3
Fine Cotton Spinners£1	11,100,000	Mar. 31, '40	Nil	Nil	2/7½	Nil
Lancashire Cotton £1	4,543,894	Oct. 31, '40	28·6	7·5	15/9	9·5
Tootal, Broadhurst £1	1,278,203	June30, '40	16·8	12·5	36/10½	7·7
Illingworth, Morris 4/–	1,338,017	Sept.30, '40	13·9*a*	Nil	1/9	Nil
Patons & Baldwins £1	3,778,596	Apr. 30, '40	2·6†	8·5†	46/10½	3·6
Salts (Saltaire) 1/–	2,030,421	Mar. 31, '40	79·0	25·0	2/10½	8·7
Woolcombers £1	610,000	Dec. 31, '40	32·8†	21·25†	118/9	3·6
Bleachers £1	8,556,237	Mar. 31, '40	Nil	Nil	2/3	Nil
Calico Printers £1	8,226,840	June30, '40	8·7*a*	Nil	2/10½	Nil
Courtaulds £1	32,000,000	Dec. 31, '40	9·4	8·0	31/–	5·2
British Celanese 10/–	11,755,855	June30, '40	1·0*a*	Nil	3/6	Nil
Hosiery:						
I. & R. Morley (*d*)	1,600,000	Dec. 31, '40	12·3	5·0	19/4½	5·1
Wolsey £1	1,354,890	Dec. 31, '40	8·1*b*	4·5*b*	7/6	12·0
Linoleum:						
Barry & Staines £1	2,100,000	Jan. 31, '40	13·3	12·5	26/10½	9·3
Michael Nairn & Co. £1	2,198,291	Dec. 31, '40	13·9	14·0	52/6	5·3
Fire, etc., Clays:						
Leeds Fireclay (*e*)	817,100	June30, '40	Nil	Nil	(*e*)	(*e*)
Glass:						
Utd. Glass Bottle £1	2,735,066	Dec. 31, '40	21·8	12·0	52/6	4·6
Office Equipment:						
D. Gestetner 5/–	665,918	Aug. 31, '40	25·2	25·0	21/3	5·9
Photo Goods:						
Ilford £1	1,264,200	Oct. 31, '40	8·0	8·0	25/7½	6·3
Toys, etc.:						
Lines Bros. 5/–	617,900	June30, '40	43·2	30·0	18/9	8·0
Musical Instruments:						
Elec. & Musical I. 10/–	3,362,875	Sept.30, '40	1·3	Nil	7/6	Nil
Decca Record 1/–	368,049	Mar. 31, '40	119·7*c*	25·0	1/6	16·7
Herrburger, Brooks 15/–	208,125	June30, '40	5·0	3·0	5/–	9·0
Plastics:						
British Xylonite (*d*)	700,000	Dec. 31, '40	12·5	10·0	(*e*)	(*e*)
Gold and Silver Ware:						
Mappin & Webb 10/–	1,070,000	Dec. 31, '40	10·1	8·0	5/–	16·0
Toilet, etc.:						
Boots Pure Drug 5/–	3,000,000	Mar. 31, '40	54·0	30·0	36/3	4·3

† Free of tax. (*a*) Apart from preference arrears. (*b*) On "A" shares. (*c*) Subject to EPT. (*d*) 5 per cent. cum pref. £1. (*e*) No quotation.

how, under Limitation of Supplies or Raw Materials Control Orders, the Lyttelton plan is a bull rather than a bear point for investors, so far as it goes. For one thing, it will prevent the "queering" of the trade by the existence of numerous weak concerns struggling to keep in being, at the margin, on a woefully inadequate level of permissible output. And it will enable the bigger concerns themselves to make more drastic cost-saving adjustments than would probably have been effected in equal time, if the customary barriers to the shutting down of entire factories and the turning adrift of their labour force had been present. But the economies thus achieved are highly unlikely to compensate, in terms of profit-earning power, for the severe cuts in total production which the national interest dictates, unless the large concerns do succeed in bringing the smaller firms right into their factories on a wider scale than, for reasons already suggested, seems likely.

All British companies, under EPT, have a fixed ceiling but no firm floor for wartime dividends. It must be concluded, on the whole, that the effect of the Lyttelton plan will be to raise the "floor" slightly above the reduced level which official raw material and sales restrictions would have established in any event —but not much more.

It is fortunate, therefore, for investors that the "Lyttelton" trades (with some melancholy exceptions) usually enjoyed a satisfactory degree of prosperity before the war. Their leading concerns, consequently (again with some exceptions), are still in good financial trim, and can hope to survive a lean period by reducing or passing dividends if necessary, but without catastrophic deterioration of their financial structure. The table on page 624, which gives a brief selection of companies—usually of the larger type—from industries which would appear to be affected by the Lyttelton plan, shows clearly that the earnings position was, in most cases, still eminently satisfactory in the earlier war months. The figures also suggest where some of the "exceptions" are likely to be found—notably in the textile trades.

Many of the figures, admittedly, relate to financial periods which closed some months back, when official restrictions on output and sales were much less clear than now. It would be surprising if future reports made as good a showing. But no sane investor would dream of buying the shares of companies in predominantly civilian industries, during wartime, on their immediate prospects. The Lyttelton scheme, in itself, may tend to enhance the present status of the debenture and preference securities of low-geared and conservatively financed companies in these industries, which may fare better under the scheme than if events had been left to take their course. But the equity stocks of those companies must be classed, in the technical phrase, as a "lock-up" for eventual post-war recovery. In that sense, a selective buying policy might have something to commend it, if share prices were to fall disproportionately on the future publication of reports showing a decline in profits.

Non-Ferrous Metals in War

THE last war was a turning point in the history of non-ferrous metals. It marked the beginning of an era of rapid expansion in production and consumption, the one being facilitated by progress in mining technique and by the opening up of new deposits, and the other by the growth of industry and the downward trend in prices, especially in the past decade. These tendencies are reflected in the following table, which shows the growth of world production and the course of prices for the five leading non-ferrous metals:

World Production
(1909–13=100)

	Aluminium	Copper	Lead	Spelter	Tin	Total
1914–18 ...	195	136	102	101	106	113
1919–23 ...	229	97	83	77	99	89
1929	569	201	151	163	162	176
1937	989	240	146	183	170	199

Prices in London
(1909–13=100)

	(a)					
1914–18 ...	180	157	170	214	117	...
1919–23 ...	116	123	156	126	103	...
1929	109	120	153	104	114	...
1937	91	87	153	94	136	...

(a) New York.

In an attempt to assess the supply position during this war and the effect of the conflict on post-war developments it may be useful to distinguish three groups of producers and consumers: Nazi-dominated Europe; Russia and Japan; and Great Britain and the United States. The search for synthetic products which has revolutionised the position of other commodities has not been of much influence on metals. There are no synthetic metals, and the extent of the substitution of plastics for metals has been very small. The three groups of countries are therefore thrown back upon their own resources for the duration of the war.

With the exception of aluminium and, to a lesser extent, spelter, Nazi Europe is deficient in non-ferrous metals. Under the lead of Germany, Europe's output of aluminium rose from an average of 25,000 metric tons in 1909-13 to 240,300 tons in 1937, when it was responsible for 49 per cent of world production. But Europe's mine production of copper only rose from 103,000 metric tons to 149,600 tons, while its proportion of world production fell from 10 per cent to 6 per cent. Europe's mine production of spelter increased from 438,000 metric tons to 445,200, but, as in the case of copper, its share of world output fell from 41 per cent to just under 25 per cent. Its output of lead showed an absolute decline during this period, from 332,000 tons to 248,600 tons, while its proportion of world output fell from 28 per cent to 15 per cent. So far as tin is concerned, Continental Europe was and remains entirely dependent on other continents for supplies.

Russia, on the other hand, has large deposits of all base metals, but hitherto her resources have been exploited at a very slow pace. The speed of exploitation may be increased with the help of German technical assistance. But metal industries cannot be expanded at short notice, while Russia is not likely to favour the installation of German technicians in key positions. On a long-term view, Russia's non-ferrous metal industries have enormous possibilities; but in the near future the rate of growth may be expected to remain slow. Japan is deficient in metals, and while China has substantial resources, years would be needed by Japan to make herself independent of other sources of supply.

Since, with the exception of aluminium, the greater part of the expansion in production since the last war has taken place in countries outside the influence of Germany, Russia and Japan, the position of Great Britain and the United States is considerably stronger than twenty-five years ago. The world's annual capacity to produce copper has increased from 1,000,000 metric tons to over 2,500,000 tons, that of zinc from 1,000,000 tons to 1,750,000 tons, that of lead from 1,250,000 tons to 1,800,000 tons, and that of tin from 150,000 tons to about 250,000 tons. The world's aluminium producing capacity has risen from about 70,000 tons to 700,000 tons, and although hitherto the expansion has been most marked in Germany, the United States and, to a lesser extent, Canada, are now expanding their plant at a rapid rate to meet the growing needs of the aircraft industry.

The British Empire's copper production has been increased enormously by the development of the Northern Rhodesian and Canadian deposits. Similarly, the Canadian, Australian, Newfoundland and Burmese lead and zinc industries and the Malayan and Nigerian tin mines have been appreciably enlarged since 1914. Among other countries, Chile and the Belgian Congo have developed their copper deposits, Mexico its lead and spelter mines and the Dutch East Indies and Siam their tin resources. Indeed, the growth of productive capacity has been such that prices have fallen and production has had to be regulated to prevent the flooding of the markets. And since 520,000 metric tons of copper, 390,000 tons of lead, 175,000 tons of zinc and 58,000 tons of tin were imported by the continent of Europe in the twelve months preceding the war, the quantities now available to Great Britain and the United States are sufficient to prevent them suffering from any shortage of non-ferrous ores.

In the circumstances, it has not been surprising that hitherto the war has not touched off a boom in non-ferrous metals on the world market. The present prices of copper, tin, lead and aluminium in the United States are actually slightly below the average for the year 1937, only zinc has risen, by 0.75 cents to 7.25 cents per lb. In the United Kingdom the official maximum quotations for copper, lead, spelter and aluminium, as well as the market price for tin, are slightly higher than the average of 1937, but the differences are largely counterbalanced by the fact that the delivery basis has been changed from ex warehouse to free consumers' premises.

The British Government has, in the main, confined its metal purchases to the Empire in order to economise foreign exchange. The contracts placed with Empire producers are based on pre-war prices, subject to adjustment for rises in production costs caused by the war. While these agreements allowed the British overseas production to be raised to its potential maximum, they tended to depress production elsewhere, as the United Kingdom had regularly imported large quantities of non-Empire metals before the war.

More recently, however, a major change in the international metal position has taken place. Great Britain has agreed to buy the whole copper surplus of the Belgian Congo, while the United States has so far contracted for about one-half of Chile's normal copper production, and is about to place further orders, which will cover additional quantities of Chilean copper and the great bulk of the lead and zinc surplus of Latin America, including Mexico. In addition, the United States Government has placed a contract for the accumulation of a large strategical tin reserve of 75,000 long tons—the figure will probably be further raised by a new agreement next summer. Like Great Britain, the United States is paying approximately pre-war prices for the metals bought abroad, so that a metal boom on 1918 lines may be avoided. As United States war production comes into full swing, that country, together with Great Britain, may eventually absorb the great bulk of the extra-European metal-producing capacity. But, except in the case of aluminium, further expansions in the capacity to produce the leading non-ferrous metals in the countries accessible to Great Britain and the United States seem unnecessary.

The position is somewhat different as regards metal refining and the production of aluminium. In metal refining the extra-European position has been greatly affected by the blockade of the Continent, which has cut off many overseas producers of base metals from their normal refining bases in Belgium, Germany, Holland and Norway. Before this war, the tonnage of base metals refined on the mainland of Europe was about 40 per cent larger than the tonnage mined in Europe, and in lead and zinc, in particular, Belgium played an important role as a refiner of American, Asiatic and even Australian ore. As a result, additional refining facilities are required outside Europe. The United States has refining capacity more than large enough to handle its domestic ores, but a number of new copper, lead and zinc smelters and one tin refinery are being built to deal with imported ores. There was a similar development in the last war, but the business was lost to America after the war owing to the lower European costs of refining and the presence in Europe of a market for metal refined from imported ore. A similar development may be expected after this war. The position would be different if new refineries were erected in the mining territories, but so far, at least, hardly any development in this direction has taken place, nor are there signs that they will take place in the near future.

In the case of aluminium the production facilities now being added in Europe, the United States, Canada and even Australia will prove of greater importance from the long term point of view, and it appears certain that the aluminium industry will be the only one of the major metal industries whose basic position will be fundamentally altered by this war. Before this war ends, international aluminium output may have passed the limit of 1,000,000 metric tons a year, which compares with 490,600 tons in 1937 and 282,100 tons in 1929, themselves the two outstanding boom years between the two wars. Whether this enormous tonnage can be absorbed without difficulty in peace conditions remains to be seen, but the far-sighted scientific research into civilian uses of aluminium, which has been continued everywhere despite the war, and the reasonable price policy pursued by the leading aluminium producers since the outbreak of the war (in the United States the Aluminum Company reduced its price from 20 cents to 19 cents per lb. last year in spite of the pressure of demand) at least indicate that the industry is aware of its problems.

Since the expansion in the production of base metals in the past two decades has been concentrated on the countries accessible to the English-speaking nations, their supply position is considerably stronger than during the last war, though their capacity to produce aluminium—so important in the manufacture of aircraft—and to refine other metal ores may have to be expanded. Continental Europe's supplies, on the other hand, are not much bigger than twenty-five years ago, except in the case of aluminium, while Japan's resources are inadequate. The voracity of the war industries is likely to lead to a further increase in the world's productive capacity, but there is no reason why the increased supply should not be absorbed after the war, when one of the main objects must be the increase in the standard of living of the people.

Finance and Banking

Treasury Bill Allotments

Even allowing for the larger quota of Treasury Bills for which it now applies, the discount market on Friday of last week obtained its most disappointing allotment for three months past. The tender was the first one at which the normal currency of the bills on offer returned to 92 days. The market understandably endeavoured to lower the price of application to £99 14s. 10d., or 1d. lower than the price at which it had been tendering for the 91-day bills. To have kept the effective price at 11d. would have reduced the profit on turnover to a mere 5s. 7d. per cent. The total applications for bills were, however, exceptionally heavy, and as most of the outside applicants—both official and unofficial—appear to have put in their tenders at £99 14s. 11d., the syndicate had to be content with an allotment of 11 per cent only. This disappointment may, however, be the price which the market had to pay for establishing the rate at the slightly more attractive level. If, as is probable, the unofficial outsiders obtained more bills than they expected, the way should now be clear for the syndicate both to maintain its price of application at £99 14s. 10d. for the 92-day bill and to obtain more reasonable allotments. The short money position has been comfortable this week, and the market itself has found it difficult to satisfy the banks' appetite for bills. Outside sources have, however, proved good sellers. The Bank return covering the week to last Wednesday shows an exceptional variety of changes. The circulation, contrary to all seasonal trends, continues to increase, and at £625,972,000 is £2,623,000 up on the week creating a new high record. The facilities granted to the India Council in connection with the recent vesting order are being rapidly repaid and other securities fell by £13,553,000 over the week. With Government repayment of ways and means advances, Government securities are £6,830,000 down. Fortunately there was ample room for contraction in the credit basis from last week's inflated level of bank cash, though bankers' deposits at £113,556,000 are still at a fairly comfortable level.

* * *

Mexican Misgivings

Purchases by Mexico of British exports do not in normal times amount to a very large proportion of the total; but, owing to strategic barriers to some former markets and exchange shortages in others, exporters welcome gladly any expansion of demand through the remaining channels, and it has become obvious from the current spate of status inquiries on Mexican firms that commercial developments are to be expected. It is not wished to cast doubts on the desirability of trade expansion, but the matter may be considered from the angle of present needs. Exports to Mexico are paid for in "free sterling"; they are not subject to settlement

through registered or special account and thus escape the directive influences operated under Regulation 5B with other markets. The proceeds of exports to Mexico therefore represent funds with which the holder can play as he chooses; there is no need for them to be used in settlement for British imports from the same country. They can be offset against cheap Japanese textiles dumped in South Africa, or the importer can obtain access to the sterling by purchasing it either in the New York free market or in other places, such as certain Central American countries. In London banking circles, the numerous inquiries from Mexico are attributed to the possibilities associated with present methods of payment. The discount on free sterling is possibly not wide enough to provide the only reason, and it is suspected that if free balances were to be subjected to more rigorous inquiries than at present, their legitimacy might be disproved. It is contended that if a Special Account were set up promptly for the settlement of reciprocal indebtedness, it would serve to close a further gap in the country's economic defences. In the absence of the trade statistics formerly published, it is difficult to judge the extent of this free sterling loophole and the extent of Mexico's exports to the sterling area. But so long as British exports escape the net of exchange control, it is not certain that they contribute their maximum yield to the sterling area, and if recognition of the exchange position is tardy, there is also the risk that such recognition might be accomplished only by freezing an adverse transfer-hazard.

* * *

Hambros Bank

The report and accounts of Hambros Bank for the year to March 31st last epitomise the difficulties which the war has placed in the way of merchant banks and, in particular, of those which have endeavoured to cling to their traditional business of financing foreign trade. The set-back in this type of activity is reflected in the balance-sheet in a reduction of acceptances from £3,667,534 to £707,855. Its impact on the profit and loss account is equally marked, the net profit, after allowing for directors' remuneration, being down from £194,528 to £80,458. Mr. Olaf Hambro, in some notes on the report, which have been circulated in lieu of a chairman's speech, states that over 90 per cent of the bank's acceptances were international credits granted to customers in the Scandinavian countries against shipments of merchandise between them, the United Kingdom, and abroad. When the enemy occupied Denmark and Norway, Sweden and Finland were in effect cut off from trade with this country, and as a result practically all the acceptances outstanding on behalf of clients in those countries gradually ran off and were repaid. Some of the Norwegian and Danish commitments have been liquidated during the year, and as for the remainder, it should be noted that the deposits held with the bank on Danish and Norwegian account exceed in the aggregate the engagements of clients in those two countries. Wherever such assets and liabilities are in the name of the same customer—and that holds true in many cases—the bank will ultimately be able to compensate the two. The experience of the war has, in the opinion of Mr. Hambro, demonstrated the soundness of the principles on which London acceptance credits have been based. Except in the case of German credits which, at the request of the Government, were made subject to the Standstill Agreement, the war has not prevented the bulk of the credits opened on European account from being repaid by the credit takers.

* * *

U.S. Balance of Payments

The official estimates of the United States' balance of payments for 1940 have been published. The data will be found in the following table, together with comparative figures for 1939:—

	In million $.					
	1939			1940		
	Credits	Debits	Net	Credits	Debits	Net
Trade and Service						
Merchandise	3,177	2,318	+ 859	4,021	2,625	+ 1,396
Freight and Shipping	125	249	− 124	223	327	− 104
Travel Expenditure	170	469	− 299	81	223	− 142
Personal Remittances	45	144	− 99	30	120	− 90
Institutional Contributions	...	43	− 43	...	55	− 55
Interest and Dividends	531	211	+ 320	525	215	+ 310
Govt. Transactions	32	96	− 64	28	122	− 94
Miscellaneous Services, etc.	211	103	+ 108	164	66	+ 98
Total	4,201	3,633	+ 658	5,072	3,753	+ 1,319
Bullion						
Gold Exports and Imports	1	3,575	− 3,574	5	4,749	− 4,744
Gold Earmarking	...	...	+ 534	...	...	+ 645
Silver Exports and Imports	14	85	− 71	4	59	− 55
Total Bullion	...	...	− 3,111	...	...	− 4,154
Capital Items						
Long-term Capital Investments	...	...	+ 114	...	...	− 53
Short- ,, ,, ,,	...	...	+ 1,116	...	...	+ 873
Advance Payments and Capital	...	...	...	...	...	+ 720
Assistance by British Govt.	...	...	+ 69	...	...	− 170
Miscellaneous						
Paper Currency Movements	...	...	+ 117	...	...	+ 33
Total Capital Items	...	...	+ 1,416	...	...	+ 1,403
Other Transactions & Residual	...	...	+ 1,037	...	...	+ 1,432

Merchandise exports last year rose above $4,000 millions for the first time since 1939, and the export surplus, at almost $1,400 millions, was the largest since 1921. These figures are, however, dwarfed by the total of gold imports, which amounted to $4,750 millions. Even allowing for the increase of $645 millions in gold under earmark, the net gold inflow was larger than the gross merchandise exports. A feature of the estimates is the large "residual" item of $1,432 millions in favour of the U.S.A. This is largely accounted for by capital inflow other than that shown specifically as such in the tabulation. Among possible examples of such unrecorded capital transactions the following may be mentioned: funds bought by foreigners but held in domestic names; funds previously held for foreign account withdrawn in the form of currency and thus not included in retransfers of such funds abroad; and refugee funds shifted from foreign to domestic addresses with the arrival of the owners in the United States.

INSURANCE NOTES

The London Assurance.—Shareholders of the London Assurance may well be content with the results of operations during the first full year of the war, for the report and accounts just published make pleasurable reading. The life department is the chief sufferer from war conditions, but even here the corporation has fared better than the general run of offices, as the following figures show:—

			Rise or Fall.
New business—net sums assured		£1,434,879	− £665,377 (31·7%)
Income	Net premiums	£868,081	+ £4,585 (0·5%)
	Net interest	£358,333	− £19,538
	,, rate earned	£3/6/9%	− £-/4/11%
Outgo	Claims by death	£291,738	− £524
	,, maturity	£245,043	− £174,190
	Surrenders	£79,199	− £11,143
	Commission & expenses	£115,338	− £5,504
	Commission & expenses ratio to prems.	13·3%	− 0·7%

The reduction in death claims is especially remarkable, bearing in mind that the 1940 figures include £32,306 on account of war claims.

The quinquennial valuation was made on December 31st, 1940, the bases employed being the same as those used five years previously, with interest at 2½ per cent., both for life assurances and annuities. After devoting £324,858 to writing down Stock Exchange securities to market values, there is a disposable surplus of £748,352, but the directors have wisely decided to postpone any declaration of bonus; interim bonuses will continue to be paid, subject to review at the end of each year, at about one-half the pre-war scale.

Premiums and profits in the other departments are set out in the table below:—

	Premiums	Rise or Fall	Profits	Rise or Fall
	£	£	£	£
Fire	2,207,951	+ 6,765	81,984	− 66,073
Accident	1,332,383	− 126,559	223,306	+ 63,428
Marine	1,259,066	+ 261,406	50,000	...
Capital Redemption	14,010	− 6,248	...	...
	4,813,410	+ 135,364	355,290	− 2,645

Considering the defection of business consequent upon cessation of operations in enemy and enemy-occupied territory, the maintenance of the fire premium income is highly satisfactory. Fire profits are lower, the chairman (Mr. R. Olaf Hambro) explaining that the experience at home has been the worst for many years; it is known also that the business has run less favourably in the United States. In the accident account (which does not include a United States portfolio) the twin features of lower premiums and higher profit doubtless alike spring from the common root of conditions in home motor insurance. The big jump in marine premiums is readily accounted for by increased hull values and cargo surcharges; the profit released of £50,000 is purely nominal, the fund remaining very strong at 126 per cent. of the premium income.

In the profit and loss account there are credit transfers, including net interest of £209,732, aggregating £587,641. Provision for taxation, expenses not otherwise

(*Continued on page* 628)

Investment

The Turning Tide

Although it would, perhaps, be optimistic to describe the news of the past week as good, it has been sufficiently favourable to allow the forces making for higher prices to make a visible impression. There has been some measure of recovery, tentative and sporadic, it is true, in the two sections which bore the brunt of last month's decline, the Funds and industrial equities. So far, this movement has not been accompanied by any appreciable revival in the volume of business from the very low levels to which the Greek reverse reduced turnover, which strongly suggests that, as yet, the public is taking little part. This is the usual sequence of events, and, if all goes well, the buying ought to spread, despite a tendency in some quarters to maintain existing standards out of capital. If this happens, the effect on a market, still short of stock in almost every section, is likely to be substantial. For the investor, the lesson of the Greek campaign is presumably that the end of the war, and the resumption of freer trading conditions, is rather further off than he may have hoped. There is, however, no evidence at the moment that this has affected his ideas as to what are desirable investments. In so far as equities are rising, the improvement is still rather in those which may be expected to do well out of post-war reconstruction, than in those which will maintain profits during the period of hostilities, but may suffer later. The preference is the more remarkable in that the latter give the relatively high yields, whose attraction in the fixed interest field is outweighing the disadvantage of possible loss of capital.

* * *

April Recession

The extreme paucity of business during the period of the Greek adventure made it more difficult than usual to keep track of its effects on prices, and it is still, perhaps, rather early to assess the effects of the April campaign on markets. The appearance of *The Actuaries' Investment Index* does, however, give an opportunity to put movements in perspective up to April 29. Despite the pressure of money, which everyone knew to be imminent, the Funds lost their March rally, but were still above end-December levels, while in every other major section of fixed interest stocks not only did the closing of margins continue, but prices actually rose, with a consequent fall in yields. The only exception of note was a slight recession in miscellaneous industrial preferences. In industrial equities, there was also a tendency for the closing of yield margins to offset the effects of some reduction in distributions. The result was, that, while price indices fell back to below the November level in many cases, the yield indices were better than the December figure for all the main sections. The principal exceptions were more severe reverses in coal, gas and oil shares, and improvements in investment trust, aircraft and electric light and power companies. The setback was very slight in insurance, electrical equipment and stores and catering. The best performance of any major group was that of the distributive industry, where, thanks largely to shipping, a fall in distributions was accompanied by virtual stability of prices.

ACTUARIES' INVESTMENT INDEX

Group and Number of Securities	Price Indices (Dec. 31, 1928=100)				Yields per cent.		
	Apr. 30, 1940	Dec. 31, 1940	Mar. 25, 1941	Apr. 29, 1941	Dec. 31, 1940	Mar. 25, 1941	Apr. 29, 1941
Fixed Interest							
2½% Consols	132·2	136·9	138·2	137·1	3·26	3·23	3·25
Home Corporations (4)	128·2	127·5	130·4	132·4	3·65	3·57	3·52
Distributive Debentures (9)	105·0	101·7	104·3	105·5	4·27	4·16	4·11
Total Ind. Debs. (43)	*111·4*	*107·0*	*110·0*	*110·8*	*4·44*	*4·32*	*4·30*
Investment Trust Prefs. (8)	112·6	106·5	110·1	112·0	4·82	4·66	4·58
Distributive Prefs. (22)	71·8	61·0	63·8	65·3	5·84	6·13	6·05
Total Ind. Prefs. (101)	*97·1*	*88·8*	*91·0*	*91·4*	*5·08*	*4·98*	*4·96*
Ordinary Shares							
Electric L. & P. (16)	105·3	91·8	93·7	95·3	5·54	5·15	4·99
Gas (8)	82·1	64·9	55·9	54·4	6·22	7·32	7·58
Oil (4)	69·5	47·1	44·6	40·7	5·24	5·15	5·71
Total Prod. (90)	*62·0*	*53·1*	*52·1*	*51·7*	*6·62*	*6·54*	*6·59*
Home Rails (4)	56·9	33·6	33·2	31·0	9·60	8·95	9·54
Total Miscellaneous (40)	*64·4*	*57·3*	*56·4*	*55·6*	*6·44*	*6·32*	*6·40*
TOTAL INDUSTRIAL (159)	58·0	49·5	48·6	48·1	6·47	6·42	6·46

INSURANCE NOTES—*continued.*

charged and pensions, etc., absorb £298,918 and £4,800 is taken for the capitalization of part of the profits of an associated company. Dividends cost £207,463, which is less than the interest earnings, and the balance carried forward is higher by £76,461 at £934,553. The balance sheet position is exceedingly strong. As already mentioned, Stock Exchange securities in the life fund have been written down to market values; in the general fund book values show a surplus over market values of £258,607. There is a general reserve of £3,000,000.

Co-operative Insurance Society, Ltd.—This important organisation, which is closely associated with the co-operative movement, transacts life assurance in three sections—ordinary, collective and industrial—extracts being exhibited in the accompanying table. The society has been handicapped during the past year by the same difficulties as have beset other insurance offices, the chairman (Mr. A. Judd) referring especially to the introduction of substitute labour unaccustomed to the intricacies of the business of insurance; the accounts, however, make a good showing. In the ordinary life section, the virtual closing of the house purchase scheme has been an important factor contributing to the reduced new business. Under present circumstances the society has decided to defer the annual valuations, but will continue to pay interim bonuses without alteration; in the collective section there is a surplus of £12,720 available for distribution among those retail co-operative societies which contributed to this fund.

The premiums and profits in the non-life sections are set out below. Profits are the actual earnings, excluding interest, and do not correspond with the transfers to profit and loss account.

	Premiums	Rise or Fall	Profits	Rise or Fall
	£	£	£	£
Fire	421,075	+ 7,231	92,814	− 21,379
Accident	33,564	− 39,133	8,478	+ 2,119
Employers' Liability	170,102	− 400	−15,698	− 37,868
Motor	817,873	− 223,657	147,252	+125,667
General	137,301	− 1,270	43,421	+ 8,994
	1,579,915	− 257,229	276,267	+ 77,533

Chiefly noteworthy are the lower premium income in the accident section, owing to the discontinuance of a newspaper insurance scheme, and the heavy fall in motor premiums, attributable to the general laying-up of cars.

Non-life interest produced £44,868. After making various allocations, including £50,000 to investment reserve, the balance of profit and loss account is £93,882, an increase of £35,362. The investment reserve now amounts to £1,625,000, and taking this into account the assets are certified to be fully of the value stated in the balance sheet. There is a general reserve of £411,800, as well as "additional reserves" in the various non-life funds aggregating £749,871, so that the financial position is strong. British Government securities held by the

CO-OPERATIVE INSURANCE SOCIETY LIMITED.

		Ordinary Section	Rise or Fall	Collective Section	Rise or Fall	Industrial Section	Rise or Fall
		£	£	£	£	£	£
New business—net sums assured		1,569,848	−1,105,980 (41·3%)	Figures not available		15,719,348	−3,478,567 (18·1%)
Income	Net premiums	1,533,995	+ 4,051 (0·3%)	571,831	+ 9,847 (1·8%)	5,998,818	+ 426,895 (7·7%)
	Net interest	371,212	+ 3,431	5,655	− 232	867,621	+ 90,541
Outgo	Claims by death	201,202	+ 36,092	541,075	+ 21,397	1,176,747	+ 232,784
	,, ,, maturity	713,460	+ 68,108	...	...	979,280	+ 123,006
	Surrenders, incl. surrenders of bonus	95,922	− 29,477	...	...	233,875	− 97,213
	Commission & expenses	158,853	− 18,512	8,691	− 1,023	1,898,121	+ 71,254
	do. % of premiums	10·2%	− 1·1%	1·5%	− 0·2%	31·6%	− 1·2%

(*Continued on page 629*)

Demand for "Assented" Stock

The Consol market had acquired maturing corporation loans in advance of the announcement of the full terms, and, having accepted conversion in respect of their holdings, are now offering them at figures ranging from 3¾ to 5 points above the price of issue, namely 99½. Since the loans have a minimum life of over fifteen years, the premium does not impair their trustee status, and the sharp rise in quotations shows that the particular combination of terms offered is exceptionally popular. As will be seen from the table below, the running yield on these 3½ per cent stocks is appreciably above that obtainable on 3 and 2¾ per cent securities of equal standing, while the return to redemption, whether before or after deduction of tax, is considerably lower. This marks an intensification of a tendency which is by no means new. For months past, investors have been prepared to face an ultimate loss of capital to secure a higher current income, but this factor has been strengthened by the raising of income tax to 10s. in the pound. The widening of this margin suggests that those who do not need to live on capital would do well to avoid the purchase of redeemable stocks at a premium, and that the Treasury might well attract savings of some individuals more easily, and save the taxpayers' money in the long run, by offering a medium to long stock at a premium, with a suitable adjustment in the nominal interest rate. The minimum price for "assented" stocks has been fixed at 98, which seems even more out of touch with existing prices than are most of the other official minima.

"Assented" Stock	Interest 1/8/41	Offered Price	Flat Yield	Net Return‡ to redemption
Brighton 6%	40s.	104	3·400	1·620
Essex 6%	20s.	103½	3·386	1·558
Hastings 4½%	30s.	103½	3·412	1·620
Corpn. of London 4½%	30s.	104½	3·374	1·536
Plymouth 6%	40s.	103½	3·412	1·620
Stoke 5%	50s.†	104½	3·412	1·620
Existing Stock	**Maturity Dates**	**Offered Price**	**Flat Yield**	**Net Return‡ to redemption**
Aberdeen 3%	1965–85	91	3·300	1·736
Bristol 3%	1958–63	94½xd	3·175	1·762
L.C.C. 3%	1956–61	97½xd	3·086	1·636
„ 2½%	1960–70	90	3·086	1·800
Southampton 3%	1959–64	94½	3·186	1·958
Stockton 3%	1960	95	3·186	1·832

† September 1. There is a further 16s. 8d. on November 1. ‡ Less tax at 10s.

Company Notes

Marks and Spencer Profits

Shareholders in Marks and Spencer are to be congratulated upon a further increase in profits, after interest and fees, for the year to March 31. The increase is modest, less than 1 per cent, to £2,881,925, of which taxation, including tax on dividends, absorbs some £1,815,000, so that, after a small reduction in depreciation, the ordinary dividend is down from 38.8 to 85 per cent, the earned percentage having fallen much more sharply. The 1939-40 dividend was to have been 42½, but was cut, to the figure given, in accordance with the dictates of the Dividend Limitation Bill. The table below gives profits and their allocation for the past three years:

	Years to March 31. 1939	1940	1941
	£	£	£
Profit†	2,213,003	2,860,157	2,881,925
Depreciation	431,046	481,203	456,574
Taxation	374,444	1,198,745	1,519,961
Staff Pensions	25,000	25,000	25,000
Deb. Redemption	12,495	13,230	13,965
Preference dividends	105,000	105,000	105,000
Ordinary and "A" ordinary shares:—			
Earned	*1,265,018*	*1,036,979*	*761,425*
Paid Gross	816,865	810,459	739,984
Earned %	*74·7*	*55·5‡*	*37·0*
Paid %	42·5	38·3‡	35·0
Reserves	435,225	—	—
Carry forward	98,569	325,089	346,530

† After interest and fees. ‡ On capital increased by 10% scrip bonus.

A considerable portion of the company's accounting year was covered by some limitation of supplies, and, at the outbreak of war, a considerable portion of the total turnover was in textiles, which have been most adversely affected in various ways. The management has, however, succeeded in adjusting the business to the changing needs of the public, and is understood to be doing a substantial business in foodstuffs, while the geographical spread prevents population movements from affecting profits greatly. These factors, coupled with the rise in prices which had until recently enabled retail trade to maintain its cash turnover, explain the figures, but it is doubtful whether even so successful a company as this can repeat the performance in the current period. The "A" ordinary shares of 5s., at 30s. 6d. ex dividend, give a return of some £5 14s. 9d. per cent.

INSURANCE NOTES—*continued.*

society increased during the year by nearly three millions and now stand at £5,092,000.

The **Sun Life Assurance Society**, notwithstanding the severe fall in new business, still remains one of the largest producers in the country; considering that the call to the services has taken nearly 40 per cent. of the male staff, the reduction is not so remarkable as might appear at first sight. Premium income is but little affected. The lower interest earnings on the Society's funds are partly due to an increase in holdings of Government securities of £1,828,000, from £11,609,000 to £13,437,000. The rise in claims by death is more than accounted for by war claims amounting to about £200,000. Commission and expenses are lower, but the reason lies in the reduced new business. The balance-sheet position is strong. The Chairman (Sir William Goschen, K.B.E.) stated at the meeting that the Society has made a careful examination of mortgages and loans and has valued Stock Exchange securities at market prices, the result indicating that the value of the assets in the aggregate exceeds that stated in the balance-sheet; the bulk of the mortgages, totalling £5,883,000, are on well-distributed residential property and for several years past no new investments by way of purchase or mortgage have been made in blocks of flats or large properties generally. During the year the life assurance fund increased by £1,701,000 to £43,290,000.

The accounts of the **Scottish Provident Institution** likewise show a substantial drop in new business; the Chairman (Mr. A. W. M. Beveridge) explained that this is due partly to withdrawal from the issue of temporary and other low-rated assurances and partly to a reduction in the number of inspectors. The net interest rate, although lower, is still well in excess of the valuation rate of £2 15s. per cent. Included in death claims is an amount of £82,667, representing claims resulting from enemy action. Of the total assets £8,300,000—approximately 32 per cent.—represents British Government securities. To meet depreciation in investments the investment reserve has been increased by £750,000 to £1,350,000 through a transfer from the revenue account, thus enabling the directors to certify that, taking the investment reserve into account, the assets are fully of the value stated in the balance-sheet. At the last quinquennial investigation (December 31st, 1938) there were undistributed balances aggregating £478,000 and, with the addition of the surpluses earned during the past two years, it may be safely assumed that there is a margin in the assurance funds more than sufficient to provide the above transfer of £750,000. The directors have considered it prudent to suspend payment of intermediate bonuses after December 31st, 1940.

SUN LIFE, SCOTTISH PROVIDENT, LIFE ASSOCIATION OF SCOTLAND.

	Sun Life	Rise or Fall	Scottish Provident	Rise or Fall	Life Association of Scotland	Rise or Fall
	£	£	£	£	£	£
New business—net sums assured	7,125,322	−7,530,867 (51·4%)	1,401,791	− 921,097 (39·7%)	838,254	− 473,065 (36·1%)
Income: Net premiums	5,203,050	+ 7,541 (0·1%)	1,239,460	− 12,192 (1·0%)	599,313	− 9,631 (1·6%)
Income: Net interest	1,449,522	− 12,349	803,250	− 62,734	283,014	− 9,280
Income: do. rate earned	3/9/6%	− 0 2 6%	3/4/9%	− 0/5 1%	3 9 2%	− 0 2 6%
Outgo: Claims by death	1,519,701	+ 77,160	1,021,511	+ 22,737	290,440	− 7,185
Outgo: „ „ maturity	2,181,815	− 170,945	532,856	+ 21,089	324,079	− 31,824
Outgo: Surrenders, incl. surrenders of bonus	497,089	+ 45,936	148,713	− 28,642	68,440	− 35,950
Outgo: Commission and expenses	638,295	− 64,973	201,305*	− 17,110	101,978	− 10,071
Outgo: do. ratio to premiums	12·3%	− 1·2%	16·2%	− 1·3%	17·0%	− 1·4%
Consideration for annuities	104,014	+ 2,775	87,364	+ 22,293	37,173	+ 11,317
Annuities paid	88,740	− 6,977	229,479	− 9,714	42,895	+ 1,562

* In addition there was expenditure of £6,117 on air raid precautions.

Johnson and Phillips Progress

The full accounts of Johnson and Phillips show extremely satisfactory trading results during 1940. Profits, before provision for maintenance of plant, rose from £328,163 to £516,861, thus continuing the steady rise in earnings since 1932 to the highest level in the decade. Expenses remained relatively stable, with the exception of the allocation to tax reserve, which jumped from £42,500 to £260,000. Consequently, the sum earned for ordinary capital was reduced from £194,821 to £154,572, at which level it provides a cover of 23.6 against 29.1 per cent for the ordinary dividend, maintained at 15 per cent. Reserve for contingencies receives £30,000, against £40,000 in 1939, and research and development account, £5,000 against £10,000. With no allocation to dividend equalisation account, the carry-forward is slightly reduced from £106,455 to £106,026. The rise in profits, despite higher operating costs, is, of course, in large measure due to the expansion of the company's business during the past year. Cash holdings have been increased through a rise in bank overdraft from £200,000 to £250,000. Creditors are up by little over £4,000 to £300,089, while increases in debtors, from £449,865 to £567,905, and in stock from £437,669 to £626,305, were financed by allocations to reserves, including taxation reserve, which stands at £341,060 against nil. The suspense account for ARP expenditure is some £4,000 higher at £13,389. Clearly, Johnson and Phillips, a company with considerable prospects of peace time development, is also capable of continued wartime expansion, and, despite the pressure of taxation, should be able to provide an adequate return for the owners of ordinary capital. The £1 ordinary shares, at 42s. 3d., offer a yield of £7 4s. 7d. per cent.

* * *

Colvilles' Accounts

The full accounts of Colvilles for 1940 provide a typical illustration of the influence of increased income tax and EPT on the available profits of heavy industrial companies. Trading profits rose from £1,058,462 to £1,132,270, and, despite a decline in income from subsidiaries, total income was some £22,000 higher at £1,228,686. This rise was, however, quite insufficient to offset the increase in the company's tax provision from £600,000 to £800,000, and the surplus for ordinary capital, which already in 1939 was insufficient to cover the 8 per cent ordinary dividend, is reduced from £178,359 to £13,936. Despite the fact that ordinary earnings provide a rate of under 0.7 per cent toward the dividend, 8 per cent is paid, for the fourth year in succession, at the expense of a considerable draft on the carry-forward.

	Years to December 31st, 1938	1939	1940
	£	£	£
Trading profits	919,596	1,058,462	1,132,270
Dividends from subsidiaries	129,005	147,522	96,416
Total	1,048,601	1,205,984	1,228,686
Depreciation	300,000	350,000	350,000
Taxation	285,000	600,000	800,000
Fees	2,000	2,000	1,500
Preference dividends	80,437	75,625	63,250
Ordinary stock :—			
Earned	*381,164*	*178,359*	*13,936*
Paid	227,335	203,816	165,601
Earned %	*13·4*	*7·0*	*0·7*
Paid %	8	8	8
To reserve	150,000	Nil	Nil
Carried forward	292,080	271,523	119,858

The balance-sheet shows a striking rise in stock and work in progress from £1,834,922 to £2,664,570. Moreover, the total of debtors is more than doubled at £2,969,665, and net loans to subsidiaries are up by more than £700,000, while cash holdings are reduced from £392,145 to £170,621. It is thus abundantly clear that the company has been working to capacity during the past year. These increases have been financed by a rise of some £2,128,000 in creditors to £3,917,000 odd, and of £586,000 in tax provision. The absence of a consolidated balance-sheet makes it difficult to say how far appropriations are adequate. The parent company has reserves and carry-forward of around £2,520,000, against fixed assets of £7,113,520, and it depends largely on this valuation whether drafts to implement a liberal dividend policy are reasonable. The £1 ordinary stock at par ex dividend yields £8 per cent.

* * *

United Molasses

The decision to distribute a final dividend of 12½ per cent on United Molasses ordinary stock, bringing the total ordinary dividend to 20 per cent for the calendar year 1940, involves a slight reduction on the rate paid in the previous accounting period. In the 15 months to December 31, 1939, ordinary stockholders received 28⅛ per cent less tax, equivalent to an annual rate of 22½ per cent. They also received a tax free cash bonus of 10 per cent from capital profits, which is reduced to 2½ per cent for the past 12 months. Consolidated trading profits, amounting to £1,291,902, show a very slight reduction in the rate of earnings, which produced £1,622,911 in the previous 15 months. With a substantial rise in the provisions for taxation and depreciation, together with the necessity of providing an additional £140,000 for the retrospective effect of increased taxation, net profits are substantially reduced from £883,038 for 15 months to £426,314. Further analysis must wait for the publication of the full accounts. There appears to be every reason to suppose that, despite difficulties of transport, the company's agreement with the Ministry of Supply ensures a satisfactory profit position, but that rising taxation will inevitably curtail the surplus available for dividends. The 6s. 8d. ordinary stock, at 23s. 9d., yields £5 14s. 3d. per cent less tax.

* * *

The "Johnnies" Group

The reports of the gold mines controlled by "Johnnies" in South Africa are now available for the year to December 31 last. Ore reserves of *Randfontein* show a further fall of 339,000 tons to 12,740,000 tons, averaging 3.5 dwt., a decline in grade of 0.2 dwt. Since the mine is crushing over 4,600,000 tons annually, the steady decline in ore reserves and in grade must necessarily cause some anxiety. Profits sufficed to enable the 22½ per cent dividend, paid in the past three years, to be repeated. Ore reserves of *Government Areas* were increased by 500,000 tons to 10,300,000 tons, averaging 4.7 dwt. over 6.2 inches with a substantial fall in grade of 0.5 dwt. An increased tonnage of low grade ore is now being mined, since ore of 2.4 dwt. is now considered payable, and the milling capacity of the plant has been increased in an attempt to maintain profits on the lower milling grade. Dividends totalled 75 against 67½ per cent. *New State Areas'* ore reserves amount to 4,500,000 tons, averaging 4.8 dwt. over 4.7 inches; an increase of 402,000 tons, but a heavy decline of 0.5 dwt. in grade. Ore of 1.9 dwt. is now classed as payable. Dividends are reduced from 30 to 27½ per cent. Acquisition of the outcrop section enabled development of *Van Ryn Deep* to be expedited. Ore reserves now amount to 3,300,000 tons, averaging 2.9 dwt., an increase of 59,000 tons and a decline in grade of 0.2 dwt. Despite maintained profits, the dividend is reduced from 17½ to 16¼ per cent. *Langlaagte*, one of the great mines of the Rand, is fighting for its existence. Ore reserves amount to 1,300,000 tons, averaging 3.0 dwt., an increase of 211,000 tons over the previous year and a fall in grade of 0.1 dwt. The low grade main reef is now being mined at a profit, but, even with gold at 168s., the life of the mine is short, and the break-up value of the shares is the main interest. A dividend of 5 against 7½ per cent was paid. Ore reserves of *Witwatersrand Gold (Knights)* show an increase of 75,000 tons at 1,700,000 tons, averaging 3.0 dwt., a fall in grade of 0.2 dwt. Dividends totalled 30 against 27½ per cent. *East Champ D'Or* enjoyed another successful year. Ore reserves rose by 35,000 tons to 725,000 tons, averaging 5.0 dwt., a decline in grade of 0.1 dwt. Dividends of 80 against 70 per cent were distributed and prospects remain good.

NORANDA MINES, LIMITED

DIVIDEND NOTICE

Notice is hereby given that an interim dividend of $1.00 per share, payable in Canadian funds, has been declared by the Directors of Noranda Mines, Limited, payable June 16th, 1941, to shareholders of record at the close of business, May 20th, 1941.

By order of the Board.

J. R. BRADFIELD, Secretary.

Toronto, April 4th, 1941.

THE STOCK EXCHANGES

London

Note: all dealings are for cash

AFTER the moderate reverse suffered by most sections at the end of last week, as a result of the disquieting news from Iraq, markets have steadily improved during the current week. That for gilt-edged remained firm before the week-end, and this week a number of fair gains were realised. Reports of the possible unification of the four main line railways led to strong buying of home rail stocks on Friday of last week and on Monday. Later in the week, prices declined on moderate profit-taking. The general tone of the industrial market was good, and, in the commodity share markets, oil shares made an excellent recovery from the setback occasioned by the outbreak of hostilities in Iraq.

★

In the *gilt-edged* market, there was little change on balance before the week-end. On Monday, the tone was firm and gains of ⅛ for 2½ per cent Consols and 4 per cent Funding were followed by similar rises the next day. Local Loans and Bank stock were also in demand, but, on Tuesday, 3½ per cent Conversion and War Loan were both ⅛ lower. Business was on a small scale in the *foreign bond* market. Greek issues were offered in a small way and Egyptian loans continued to fall, Egyptian Unified losing ½ point on Monday followed by ¼ the next day. The other striking feature of business was the steady selling of Japanese issues.

★

Turnover in the *home rail* market reached the highest level for some time at the close of last week. On the Friday, Great Western ordinary put on 1½ followed by a further ½ on Monday of this week. Southern preferred rose 2½ before the week-end and, among senior issues, Southern 5 per cent preference and LMS 4 per cent preference both gained 2 points. On profit-taking, Great Western ordinary and Southern deferred lost ¼ point on Tuesday and LMS ordinary ⅛. Further small losses were suffered in mid-week.

★

Improvement was steady if not spectacular in the *industrial* market. A number of breweries, including Ind Coope, Watney defd. and Guinness gained a few pence. The textile section displayed strength and Courtaulds, English Sewing Cotton and Lancashire Cotton all gained ground. There was a small demand for leading tobacco issues and, among miscellaneous industrials, United Molasses and Murex were in demand. Against the trend, many leading issues in the iron and steel section were quoted lower. Thus, moderate losses were suffered by Colvilles, Guest Keen, BSA, Wm. Cory and John Brown.

★

After some weakness on Monday, in which *Sub Nigel* and *Crown Mines* lost ⅛, the tone in the *kaffir* market improved. On the whole, prices on Tuesday and in mid-week remained firm with small gains for Johnnies and Grootvlei. A setback for Rhodesian *copper* shares at the end of last week, in which Rhokana lost ½ and Roan Antelope 6d. was partially made good this week. The *tin* market moved irregularly and the *rubber* market enjoyed little business although Allied Sumatra changed hands several times. In the *oil* market, renewed confidence regarding the course of events in Iraq led to a reversal of last week's losses. On Tuesday, the ordinary issues of both Anglo-Iranian and Burmah Oil gained ⅛ and Shell Transport ordinary was also in demand. The optimistic note was maintained on Wednesday.

"FINANCIAL NEWS" INDICES

1941	Approx. Total Bargains in S.E. List	Corres. Day 1940	Security Indices: 30 Ord. shares*	20 Fixed Int.†
May 1 ..	2,558	*4,055*	67·0	128·2
„ 2 ..	2,639	*4,390*	67·1	128·2
„ 5 ..	2,928	*4,961*	67·1	128·4
„ 6...	2,372	*4,200*	67·4	128·5
„ 7...	2,474	4,234	67·1	128·5

* July 1, 1935=100. † 1923=100. 30 Ordinary shares, 1941: highest, 73·7 (Jan. 17); lowest, 66·3 (Apr. 24). 20 Fixed Int., 1941: highest, 128·8 (Apr. 2); lowest, 126·1 (Jan. 2).

New York

TURNOVER and sentiment on Wall Street has steadily improved this week. Before the week-end, taxation fears and the news of hostilities in Iraq restrained business and, on Saturday, steel issues turned weak. Since Monday, markets have been consistently steady and, on Tuesday, a rally followed the announcement of the President's bomber programme. Steel, aircraft, rail and oil stocks were all in demand and business was brisker than of late. On Wednesday, demand was not fully maintained.

★

The *Iron Age* estimates steel mill activity at 97.5 per cent of capacity against 94 per cent last week, to which it declined from 96 per cent in the previous week.

New York Prices

Total share dealings: Apr. 30, 410,000; May 1, 310,000; May 2, 400,000; May 3*, 200,000; May 5, 420,000; May 6, 910,000.

* 2 hour session.

	Close Apr. 29, 1941	Close May 6, 1941
1. Railroads		
Balt. & Ohio	3⅛	3⅛
Gt. Nthn. Pf.	26	26⅛
Illinois Cent.	8	8⅛
N.Y. Cent. ...	12⅛	13⅛
Northern Pac.	6⅞	7
Pennsylvania	24	24⅛
Southern	12⅛	13⅛
2. Utilities, etc,		
Amer. Tel. ...	152⅞	149⅞
Amer. W'wks.	4⅛	4⅛
Pac. Light ...	33	33⅛
Pub. Sv. N.J.	23	22⅞
Sth. Cal. Ed.	23⅛	23⅛
United Gas ...	6⅛	6⅛
3. Commercial and Industrial		
Amer. Metal	16⅛	16⅛
Am. Roll. Ml.	13⅛	14⅛
Am. Smelting	36⅛	37⅛
Anaconda ...	23⅞	24⅛
Briggs	18⅞	19⅛
Celanese of A.	20⅛	20⅛
Chrysler	58	57⅞
Curt. Wr." A "	25⅛	25⅛
Eastman Kdk.	124⅞	125⅛
Gen. Elec.	29⅛	29
Gen. Motors ...	38	37⅞
Inland Steel ...	69⅞	70
Int. Harvest ...	43⅛	43⅛
Int. Nickel.....	27⅛	25⅛
Liggett Myers	82⅛	82⅛
Nat. Dairy.....	12⅛	12⅛
Nat. Distillers	17⅛	18⅛
Nat. Steel ...	51	50⅛
Proct. Gamble	52	50⅛
Sears Roebuck	68⅛	69⅛
Shell Union ...	12⅛	13⅛
Socony Vac. ...	9⅛	9⅛
Stnd. Oil N.J.	35	37⅛
20th Cen. Fox	5⅛	5⅛
U.S. Steel	52⅛	53⅛
West'hse. El.	88⅛	87⅛
Woolworth	27⅛	27⅛
Yngstn. Sheet	32⅛	33⅛

STANDARD STATISTICS INDICES

(1926 = 100)

WEEKLY AVERAGES

	1941 Low Apr. 30	1941 High Jan. 15	Apr. 16, 1941	Apr. 23, 1941	Apr. 30, 1941
347 Industrials	83·6	b96·0	85·4	84·0	83·6
32 Rails	d25·4	28·0a	26·6	26·7	26·7
40 Utilities ...	66·2	78·7	71·3	69·8	68·2
419 Stocks ...	71·9	82·1b	73·6	72·4	71·9
Av. yield* ...	6·80% High (c)	6·13% Low (b)	6·59%	6·71%	6·80%

* 50 Common Stocks. (a) Jan. 22. (b) Jan. 8. (c) Feb. 11. (d) Feb. 18.

DAILY AVERAGE 50 COMMON STOCKS

Apr. 24	Apr. 25	Apr. 26	Apr. 28	Apr. 29	Apr. 30
92·30	91·50	91·60	91·70	92·00	90·70

1941 High: 105·80, January 10. Low: 90·70 April 30.

Capital Issues

Week ending May 10, 1941	Nominal Capital £	Conversions £	New Money £
To the Public .....23,460,945(b)		18,823,290(b)	Nil
To Shareholders	Nil	...	Nil
By S.E. Introduction	Nil	...	Nil
By Permission to Deal	Nil	...	Nil
Nat. Savings Crts.†...	5,118,457	...	5,118,457
3% Defence Bonds (e)	4,318,700	...	4,318,700
2½% Nat. War Bonds‡	Nil	...	Nil
Ditto. 2nd Issue† (w)	6,862,305	...	6,862,305
3% Savings Bonds† (f)	5,673,375	...	5,673,375

† Week to April 29, 1941. Total sales, Nov. 22, 1939, to April 29, 1941, £272,167,228. ‡ Week to April 29, 1941, making total since June 25, £444,435,251. (e) Total sales to April 29, 1941, £267,389,545. (f) Total sales to April 29, 1941, £113,592,352. (w) Total sales January 2, 1941, to April 29, 1941, £178,857,553. (b) Represents 19 Corporation Loans repayments.

Year	Including Conversions £	Excluding Conversions £
1941 (New Basis)	458,088,282 (a)	439,264,986 (a)
1940 (New Basis)	*755,440,760*	*402,485,627*
1941 (Old Basis)	457,534,095 (a)	438,710,799 (a)
1940 (Old Basis	*744,273,765*	*391,518,632*

Destination (Conversions Excluded)

Year	U.K. £	Brit. Emp. ex U.K. £	Foreign Countries £
'41 (New Basis) (a)	436,715,883	2,549,103	Nil
'40 (New Basis) ...	*402,006,195*	*479,432*	*Nil*
'41 (Old Basis) (a)	436,210,799	2,500,000	Nil
'40 (Old Basis) ...	*391,376,176*	*142,456*	*Nil*

Nature of Borrowing (Conv. Excld.)

Year	Deb. £	Pref. £	Ord. £
'41 (New Basis) (a)	436,603,472	34,460	2,627,054
'40 (New Basis)	*391,327,960*	*1,135,675*	*10,021,986*
'41 (Old Basis) (a)	436,210,799	Nil	2,500,000
'40 (Old Basis) ...	*390,504,500*	*77,500*	*886,632*

"Old Basis" includes public issues and issues to shareholders. "New Basis" is all new capital in which permission to deal has been granted. (a) Less £2,300,000 National Savings Certificates repaid April 1 to April 26, 1941.

Shorter Comments

United States Steel Corporation.—Dividend of $1 on the Common stock. First quarter 1941, earnings, $36,560,000 (equal to $3.47 a share), compared with $17,114,000 ($1.24) for the corresponding period of last year. A contingency reserve of $5,000,000 has been established for additional taxes and other contingencies. Costs and sales are now being calculated on current costs and inventories instead of the average cost method as used hitherto. Shipments during first quarter gained 60 per cent. over first quarter of 1940. Direct cost of recent wage increases estimated at more than $62,000,000 annually, and indirect costs amount to a substantial additional sum.

Gillette Safety Razor Co.—Profit, three months to March 31, 1941, $1,271,305 ($1,400,320). Net income, $603,066 ($696,447). Amount earned per share of preference stock, $2.01 ($2.32). Amount earned per share of common stock, $0.11 ($0.16).

General Motors Corporation.—For first quarter 1941 earnings were $62,304,000, or $1.44 per share of common stock, after provision for taxes. Earnings first quarter 1940, $64,734,000, or $1.50 per share.

Canadian Pacific Railway March, 1941, Earnings.—Gross earnings of Canadian Pacific Railway for March, 1941, were $16,619,976 and expenses $13,373,901. Net earnings were $3,246,075, an increase of $1,744,514 over March, 1940. Gross earnings increased by $5,142,420.

Industry and Trade

Rubber Under Control

The London rubber market has temporarily lost most of the attributes which made it the world's centre for dealings in rubber. Owing to the war it had found it difficult to fulfil its former functions. The blockade of the Continent involved the loss of an important market; shipping difficulties impeded the free movement of rubber; heavy purchases by the American Government at virtually fixed prices tended to limit price movements. Now, the Battle of the Atlantic has forced the Government to take over the control of imports into Great Britain, to husband available supplies, and to distribute them in the national interest. And the control over imports and distribution will probably involve regulated prices, based on production costs, with allowances for transport and other charges. All this has been inevitable. But steps have been taken to prevent the complete disintegration of the market. The Government is prepared to make use of its organisation for the purchase of rubber and service to consumers, and the market will be able to continue its international business.

* * *

Rubber Supplies

So far as is known the appointment of a rubber controller to the Ministry of Supply does not immediately affect the International Rubber Regulation Committee's function of controlling exports from producing countries. It is now necessary not only to regulate total exports but also their destination, a task which is facilitated by the fact that the British and Free Dutch Governments, which are represented on the Committee, together control some 90 per cent of the world's rubber-producing capacity. (French Indo-China and Thailand are the only important other producing countries.) And if the Committee can fulfil these functions there is no reason why it should not continue to exist. In view of the importance of the United States as a consumer of rubber, close collaboration with that country is desirable, and, indeed, has already been established. So far as actual supplies are concerned, these are ample. The 250,000 to 300,000 tons formerly consumed each year by Continental Europe are now available to the democracies. Moreover, the export quotas of the producing countries adhering to the international agreement are now 100 per cent of the basic tonnages calculated by reference to productive capacity. The heavy supplies now forthcoming are diverted chiefly towards the United States, whose imports rose from 486,000 tons in 1939 to 811,000 tons in 1940, and showed a further increase during the first quarter of this year. As a result, the United States has been able to accumulate a substantial reserve against the contingency of a temporary interruption of trade with Far Eastern producing countries.

* * *

Retail Trade

In March, the average daily value of retail sales, as measured by the Bank of England on the basis of returns from a large number of shops, was 2.1 per cent smaller than in the corresponding month last year. As the following table shows, the extent of the fall was the same in foods as in other merchandise:—

	Percentage Changes from Preceding Year	
	Food and Perishables	Other Merchandise
1940 August	+ 5·4	+21·0
September ...	−11·5	+ 6·7
October	− 5·2	+20·9
November	− 0·3	+ 1·3
December ...	+ 0·8	− 6·7
1941 January	+ 5·8	− 8·8
February	+ 3·5	+ 1·8
March.....	− 2·1	− 2·1

An analysis of the geographical distribution of sales shows that, except in Central and Suburban London, they remained above the level of March, 1940. Sales in Central and West End London showed a fall of 17.9 per cent, and those in Suburban London one of 12.9 per cent. The value of stocks (at cost) at the end of March was 15.4 per cent higher than a year earlier in the case of food and perishable articles and 10.7 per cent higher in other merchandise. Total stocks in Central and West End London were only 0.9 per cent higher than a year earlier, but in other districts they were appreciably bigger, the increase ranging from 8.2 per cent in the Midlands and South Wales to 22.1 per cent in North-east England. But as the rise in retail prices during the past twelve months has exceeded the increase in the value of stocks, the quantity of the goods held by shops must now be appreciably smaller. It is understood that proposals for concentration in the retail trade are to be announced shortly. The need for adjusting the size of the trade to war conditions is unquestionable. But the task bristles with difficulties, not the least of them being the solution of the problem of the landlords of the shops that are to be closed.

* * *

Textiles of the Future

Few industries have had a more spectacular growth during this century than the rayon industry, which has created for itself an immense market quite apart from its encroachments upon the field of some of the older textile fibres. The shortage of natural textile fibres brought about by the war opens up further possibilities for rayon and for other synthetic textiles which have recently been introduced in the United States. Rayon itself has been so greatly improved that its fabrics are now able to compete with woollen and worsted fabrics, and it even appears to be developing a field for itself in the carpet and blanket industries. The United States army is experimenting with its use for service clothing, and it is said that the manufacture of rayon in that country is only limited by the available plant. Unfortunately, new plant construction is hampered by the fact that the cost is high, the plant has no alternative uses, and the rapid march of the industry renders it particularly liable to sudden and complete obsolescence. Side by side with this best-known synthetic textile are arising several others whose possibilities are as yet scarcely estimated. Nylon, whose ultimate raw materials are air, coal and water, is remarkable in particular for its elasticity; it is said to have a recovery of 100 per cent when released from a stretch of 4 per cent, compared with a recovery of 50 per cent for silk and acetate rayon, and 30 per cent for viscose rayon. It is stronger than silk when dry, less absorbent than wool, rayon and silk, is not easily burnt or mildewed and does not attract moths. Its principal future seems to lie in the stocking trade, but it is also believed to have merit as a parachute fabric and possibilities in some of the luxury fields now held by rayon and silk. Vinyon, produced from derivatives of coal or natural gas, salt, water and air, is water repellent and has a high resistance to acids and alkalis at ordinary temperatures. It makes an excellent electrical insulator. Fiberglas, made from fine-drawn molten glass, is resilient, flexible and has a very great tensile strength. Several other synthetic fibres, on which work has not yet proceeded so far, seem to hold out a promise of varied individual merits which should assure each of a considerable field of useful ess. It seems likely that the manufacture of many of them will be developed rapidly in the United States, where the increased demand for textiles arising from the defence programme has coincided with a greatly diminished supply of imported raw materials. Other countries, notably Japan, will probably develop their production of synthetic textiles with increasing rapidity, and something like a revolution in the textile industries may be found to have taken place by the time the post-war reconstruction problems present themselves for solution.

American Export Policy

The extent to which the flow of exports from the United States is now canalised by the Administration is not generally realised on this side of the Atlantic. Under the Export Licence Control Act the President has power to curtail or prohibit the exportation of any article in which a threatened shortage would be dangerous from the standpoint of national defence. The list of commodities thus controlled has lengthened considerably in recent months and the licensing system has, in fact, become a valuable instrument of Government policy. If the export of a particular commodity is not prohibited altogether but is made subject to licence, applications must pass through the State Department; and it is credibly reported that applications for shipment to some destinations are subject to almost interminable delay, whereas a licence for the dispatch of the same article to another country may be dealt with immediately. The petroleum trade offers an example of the way in which the provisions of the Act are being used to bring pressure to bear upon Japan. Last July, the export of aviation spirit, tetra-ethyl lead and certain associated products from the United States was prohibited except to countries of the western hemisphere. Japan surmounted the obstacle to some extent by purchasing petrol of a quality slightly below the specification laid down in the order. And because she was short of tankers and also of bulk storage accommodation she bought much of this petrol in steel drums, shipped it in cargo vessels and probably stored it in the original containers. Early this year, however, the President decided that the export of steel drums should in future be controlled by licence in order (so it was said) to conserve steel for national defence. On the other hand, the Administration may grant a general licence for the export of certain goods to a particular destination. Such general licences have been issued to the British Purchasing Commission and the British Iron and Steel Corporation for the supply of iron and steel to British possessions, while a similar order for the unlimited supply of various petroleum and other products to the United Kingdom was issued early in March. Thus the American Government is unobtrusively assisting Great Britain in her effort to withhold vital supplies from the Axis Powers.

* * *

Zinc

Zinc has become scarce in the United States, in spite of the large and growing domestic output. Between 1939 and 1940 production rose by 33 per cent to 674,100 short tons; of this total 588,600 tons were derived from domestic ore and 85,500 tons from imported ore. During the same period domestic consumption rose by 9 per cent to 662,900 tons. Simultaneously, exports of the metal, chiefly to the British Empire, rose from less than 5,000 tons to more than 80,000 tons. As imports of zinc metal last year were negligible, the deficiency in production had to be met by withdrawals from stocks. Between the end of 1939 and the end of 1940 producers' stocks fell from 66,000 tons to 12,900 tons, and consumers' stocks from about 110,000 tons to 78,000 tons. While production rose to an annual rate of 711,600 tons during the first quarter of the current year, this was inadequate to meet the growing demand. As domestic consumption has increased and is now at the annual rate of more than 750,000 tons, while exports to the British Empire have been at the rate of 50,000 tons per annum, producers' stocks at the end of March totalled only 7,000 tons and consumers' stocks some 60,000 tons. But as several new zinc smelters will come into operation within the next few weeks, the supply position should soon show a gradual improvement. Large quantities of zinc ore are now arriving from Mexico, Canada, Newfoundland, Australia and South America. If, pending the increase in domestic smelting capacity, the munition industries are given preferential allocation, there is no reason why the armaments programme should be held up by the temporary squeeze in zinc. Steps have already been taken by the Office of Production Management to assist munition manufacturers by the formation of a defence pool to which producers are required to contribute a proportion of their output. In April this contribution was 3,300 short tons; it was raised to 12,000 tons in May, while further increases are expected until the supply position becomes easier. Great Britain is adequately supplied with zinc, though part of the Empire's ore production has to be smelted in the United States. Among the Axis Powers, Germany appears to have no difficulties in meeting her requirements—Belgium has the largest smelting capacity next to the United States—but Japan is apparently beginning to feel the effect of the export restrictions imposed by the United States.

* * *

Europe's Pre-war Trade

The absence of the necessary statistics for their Annual Review of World Trade has led the Economic Intelligence Service of the League of Nations to substitute this year a most interesting analysis of the trend of European trade before the war. At the beginning of the century Europe was transacting about two-thirds of the world's international trade. The last war accelerated a reduction which had already begun, and by 1925 Europe's share was reduced to half, a proportion which has not substantially changed since. In 1938 Europe was responsible for 56 per cent of the world's imports and 46 per cent of its exports. The distribution of European trade altered gradually during the thirties, mainly owing to political measures directed towards increasing self-sufficiency. One result of these measures was to increase the trade between European countries and their dependencies. In 1935, only 25 per cent of the imports of European countries were derived from areas outside her and outside Europe the territories connected with her by political ties, and only 17 per cent of its exports went to such regions. The trade of Europe as a whole with the British Dominions, India and European overseas territories was only slightly smaller than that with the rest of the world, and was still growing at the outbreak of war. More than half was conducted by the United Kingdom. The highly industrialised States of Europe were responsible for the bulk of Europe's external trade; in 1935, eighteen agricultural countries accounted for only 17 per cent of the aggregate imports and 19 per cent of the aggregate exports. They did not even provide a very large proportion—less than a quarter—of their industrial neighbours' net imports of foodstuffs and they were themselves net importers of raw materials. Far more trade was done between the industrialised States themselves: in 1935, industrial Europe derived 34 per cent of its imports from industrial Europe, 51 per cent from other continents and only 15 per cent from the rest of Europe. The United Kingdom, almost two-thirds of whose trade was conducted outside Europe, exerts such a marked influence on the figures that it is useful to consider some of them separately:—

TRADE OF UNITED KINGDOM AND CONTINENTAL EUROPE in 1935

	Net imports (−) or exports (+) in millions of dollars	
	U.K. and Ireland	Continental Europe
Six important animal foodstuffs, including live cattle	−580	+226
Twenty-two important vegetable foodstuffs	−542	−545
All other foodstuffs	−276	− 8
Tobacco	− 81	− 47
Six oilseeds and oilseed cake and meal	− 73	−274
The chief fertilisers	− 2	− 37
Six raw textiles	−316	−686
Rubber	− 35	− 56
Wood and wood-pulp	−218	+ 58
Coal and coke (excluding bunkers)	+155	−200
Crude petroleum, petrol, gas and fuel oils	−130	−183
Copper, lead, tin and zinc, unworked	− 54	−111
Iron, manganese and tin ore, and bauxite	− 52	− 46
All other raw materials and semi-manufactured goods	−129	−353
Total foodstuffs, raw materials and semi-manufactured goods	−2,333	−2,257

It will be seen that, whereas continental Europe is a net exporter of animal foodstuffs, British imports of these are more than twice as great as the continental exports. Britain imports, largely from other continents, practically as much of the important vegetable foodstuffs as the whole continent of Europe. Even though the inclusion of British figures gives an exaggerated impression of the proportion of Europe's trade with the rest of the world, it is none the less the fact that almost every country which possessed overseas territory was tending, in the years immediately before the war, to direct an increasing proportion of its trade to them.

COMPANY MEETINGS

THE MERCANTILE BANK OF INDIA, LIMITED

PROFITS WELL MAINTAINED

SIR CHARLES INNES'S STATEMENT

The annual general meeting of The Mercantile Bank of India, Limited, will be held on the 20th instant.

The following statement by the chairman, Sir Charles A. Innes, K.C.S.I., C.I.E., has been circulated with the report of directors and balance-sheet for the year ended December 31, 1940:—

Instead of making a speech at the annual meeting, I have decided this year to circulate the following statement with the bank accounts. In view of the difficulty of travelling, I believe that this course will be the most convenient one for shareholders.

THE LATE LORD ABERTAY

The bank suffered a severe loss when Lord Abertay died suddenly last December. As Sir Charles Barrie, he joined the board in 1930. and his wide knowledge of men and affairs was always of great service to the bank. In him we have lost not only a wise colleague but also a valued friend.

Lord Catto, too, has left us. When he was appointed financial adviser to H.M. Treasury, he found it necessary to give up—only temporarily, we hope—all his varied interests in the City. Our pleasure at his appointment to so high an office is inevitably tempered by regret that a man of such distinction and ability is no longer a member of the board.

To fill one of these vacancies we have been fortunate enough to secure the help of Sir John Hay. Sir John is the managing director of Guthrie and Co., Limited, a firm whose name is a household word in Malaya, and he is also a member of the International Rubber Regulation Committee. He adds greatly to the strength of the board, and I am sure that you will cordially approve our choice.

POSITION EXCEPTIONALLY LIQUID

I do not think that I need say much about the accounts. The balance-sheet is just what you would expect from an exchange bank at a time when international trade has been disorganised by war conditions. The chief point to notice is that our position is exceptionally liquid. We have deliberately maintained it so. It is an obvious precaution in times like the present, but naturally it affects the earning power of the bank. For the rest, deposits and investments are both larger, but advances have declined owing to poor trading conditions. Bills have increased, but the increase is due mainly to the fact that they are longer on the water. In spite of all difficulties, however, and among these difficulties I must include a sharp rise in taxation not only in this country, but also in most other countries where we do business, our profits have been well maintained. We have been able to pay our usual dividend and to make our usual allocations. These results, I think, are satisfactory, and we can again congratulate Mr. Crichton.

Questions of staff have been one of our chief preoccupations during the year. A large proportion—two-thirds, in fact—of the men in the London office have been called up, and are now serving with His Majesty's Forces. I am sure that you will approve of my sending them on your behalf a message of good wishes. Fortunately, casualties among them have so far been light, but there have been some, and our sympathies go out to the relatives. We have replaced the men who have been called up, mainly by women. They are doing very well, but the demand is beginning to exceed the supply. In India, Malaya and Ceylon the position is even more difficult. Many of our European staff have been called up either for continuous military service or for lengthy periods of training. It is now impossible to send out new recruits to fill vacancies, and a heavy burden of work and responsibility falls on the remaining officers, most of whom have to spend what little leisure is left to them in some form of military training. Still they carry on cheerfully and with unabated vigour. A special word of praise is due to the London office staff. It is no easy matter to get to the bank during or after a heavy air raid on London. Travelling is always difficult, and sometimes dangerous. Yet without exception, women as well as men, they have all turned up with unfailing regularity and cheerfulness, and I take this opportunity of offering them our thanks.

TRADE CONDITIONS

It would not be appropriate in present circumstances to attempt any detailed survey of trade conditions in the countries where we have branches. Defence regulations, import and export control, and exchange restrictions have thrown comparative statistics, even if the material for making them were available, completely out of gear. My remarks under this head, therefore, will be brief. Before the war, trade with Germany and with the other countries on the Continent of Europe now occupied or dominated by Germany, accounted for about one-sixth of India's total overseas trade. This trade has now been cut off, and trade with other countries has been gravely hampered by lack of freight and also by import and export control. I referred last year to the prosperity then enjoyed by the jute trade. Mills were working to full capacity for 60 hours a week and exports from India of manufactured goods were at a high level when the course of the war in Northern Europe and the collapse of France in particular caused a falling-off in demand, which also was adversely affected by the scarcity of freight space. Mills faced the situation by cutting down production to the equivalent of 34 hours weekly and thereby have been able to keep stocks at reasonable levels. These developments, however, increased the difficulties of marketing an exceptionally large jute crop for which Government was anxious to secure an adequate return to the cultivators. It was ultimately agreed that mills should continue buying jute in quantities and at prices that would ensure orderly marketing, while they at same time fixed prices for their manufactures that would encourage buyers to operate. As a result values of jute, both raw and manufactured, have been well maintained, and if Government's efforts to control sowings of next season's crop are successful the immediate future of the jute trade will depend largely on the amount of space available for overseas shipments. The area under groundnuts has also been reduced, and the agriculturist is, I am afraid, not too prosperous.

COTTON MILLS ACTIVELY ENGAGED

The cotton mills, however, are actively engaged. There is a large internal demand for cloth and military orders are substantial. Industries too which contribute to the war effort, notably the iron and steel industry, are very busy and are expanding rapidly. There is no doubt that as the result of the Roger Mission and the Eastern Group Conference, the war will give a big impetus to the growth of industries in India. It is all to the good that India should, so to speak, be getting down to the war, and taking the long view, the more balanced economy which will result from these developments will be greatly to the benefit of the country. But the developments raise problems for exporters in this country, and the same remark is true of the expansion—greatly stimulated by the war—of India's market for cotton goods in British East Africa, Ceylon and Malaya. A higher rate of release combined with favourable prices has made the rubber and tin industries prosperous, at any rate for the time being, and this prosperity has been reflected in Malaya. The Ministry of Food is practically the only buyer of Malaya's other staple products such as vegetable oil products, sago and pineapples, and shortage of freight has interfered with the shipment even of these purchases. But rubber and tin are by so much the predominant factors in the prosperity of Malaya that despite other adverse

influences, the total trade of the country increased in 1940 by nearly 600 million dollars compared with that of 1939. Ceylon too had a good year owing to the prosperity of the rubber industry and to stable conditions in the tea industry.

POSITION IN CHINA

The war in China has dragged on through another year with little in the shape of success to the Japanese armed forces. Each month, however, has seen Japan obtain by political manœuvres a tighter economic grip on the country. During the year control of all major commodities forwarded to Shanghai from the interior has been enforced. A system whereby permits have to be obtained before goods are purchased up-country and moved to Shanghai for export has resulted in more and more business going to Japanese firms who have no difficulty in obtaining permits to the exclusion of European firms. Silk and eggs have been particularly affected, but the restrictions are applied from time to time to most major commodities. Another threat to British trade in China is the recent opening of a new Central Reserve Bank of China under the control of the Nanking Government. In spite of everything, however, Shanghai itself enjoyed a fair measure of prosperity during the year. Local industries all did well, and many new industries were started and are flourishing. It is doubtful, however, whether the roots of this prosperity go very deep for the period was one of considerable inflation. In addition, the horizon is gravely overcast in the Far East, and I cannot speak too highly of the courage and ability with which Mr Huxter, the manager of our Shanghai branch, conducted the affairs of the bank during a period of continuous difficulty and anxiety.

I referred last year to the work of our enemy debt department, presided over by Mr Kennedy, our inspector of branches. It has succeeded in liquidating all but a small proportion of German outstandings, but the collapse of France brought a fresh access of work to the Department. The problems that have arisen are much the same as those I mentioned last year, and I need not go into any detail. The point I wish to make is that though we are hopeful that a good portion of the sums still due to us will prove ultimately recoverable, we have thought it wise to make full provision for all outstandings.

THE OUTLOOK

I can say little about the future. The fate of this bank is bound up with the outcome of the tremendous issues which are being fought out in this gigantic war, and like every one else in this country, I have no fears as to the final result. As regards immediate prospects, you will of course recognise that since we are an exchange bank, our prosperity depends mainly on the prosperity of international trade, and international trade for the reasons which I have already briefly indicated is at a low ebb. We have also to bear in mind the effect of the Excess Profits Tax combined with the high rate of income tax. Our profits are now limited to those we made in our standard year, and moreover these profits are subject to income tax at more than double the rate then obtaining. We have no complaint, of course. It is the same for all public companies, but I will permit myself just one observation about the effect of the Excess Profits Tax at its present level. A bank's policy is to keep its dividend stable. When it has a good year it does not "dissipate"—the word is not mine, it is the word used by the Chancellor of the Exchequer—the extra profit in increasing its dividends. It puts it away to reserve, and the strength and stability of British banks is largely the result of this policy. The great disadvantage of the 100 per cent. Excess Profits Tax, from a banker's point of view, is that it makes this policy impossible, and that it prevents us from taking advantage of a good year to strengthen our reserves. If the tax is kept on too long it will be a serious thing for British banking.

I have already paid a brief tribute to our staff. I need only say now that we continue to have good reason for placing confidence in the skill and ability of our chief manager, Mr Crichton. We owe indeed a debt of gratitude to him for the way in which he has steered the bank through all the dangers and difficulties of the past few years. Mr Paton and Mr Cruden are able lieutenants, and have rendered him valuable assistance, and our branch managers and all our staff at home and abroad have laid us, as usual, under a great obligation.

UNION BANK OF SCOTLAND, LIMITED

RESULTS ENTIRELY SATISFACTORY

STRONG LIQUID POSITION

The annual meeting of shareholders of The Union Bank of Scotland, Limited, was held on the 7th instant.

Colonel Hugh B. Spens, D.S.O., D.L., presided in the unavoidable absence of the chairman of the bank, Sir A. Steven Bilsland, Bt., and read the latter's speech, in the course of which it was stated that the balance-sheet showed that deposits stood at £36,638,000 an increase of £637,000 compared with last year. This figure represented the highest point their deposits had reached at the date of the annual balance. In view of the very large increase in Government borrowing for the purpose of meeting war expenditure, a general expansion of bank deposits—in degrees which varied according to the nature of the business carried on by each individual bank—was inevitable. Government expenditure was also bound to have a considerable effect upon the amount of their note circulation, and this at £3,172,000 showed an increase of £239,000.

LIQUID RESOURCES

On the assets side, cash and money at call amounted to £9,597,000, an increase of £523,000. Bills under discount at £1,494,000, which included £1,325,000 Treasury Bills, showed a reduction of £987,000. An entry which appeared in the balance-sheet for the first time was that relating to their holding of £1,500,000 Treasury deposit receipts. Although not negotiable like Treasury Bills these receipts could be discounted at the Bank of England if necessity arose. They therefore formed an addition to the liquid resources. All these assets, together with British Government securities standing in the books at £16,461,000, amounted to £29,058,000, and consequently they were in the strong position of having 73 per cent. of their liabilities to the public in respect of deposits and notes in circulation available in the form of cash or easily realisable securities.

During the past few years they had been glad to be able to report a steady increase in the amount of loans and advances. This year, however, the total of £9,869,000 showed a decrease of £1,164,000. Although they were financing to a considerable extent many of their customers who were actively engaged in important Government work either as contractors or sub-contractors, this was more than offset by a substantial reduction in general banking advances due to restriction of the stocks normally held by traders and to the fact that the Government was itself financing the purchase of raw materials and other commodities to an appreciable extent. The reduction in advances and the increase in deposits was more than covered by the increase in British Government securities amounting to £1,351,000, representing their support of Government issues during the year, together with the increase on balance in the amount lent to the Treasury on deposits and bills.

PROFIT AND ALLOCATIONS

The profit for the year amounted to £298,000, a reduction of approximately £4,700 compared with last year. Taking into account the continued rise in practically all items of their costs and in taxation, he thought they would agree that the results were entirely satisfactory.

For a number of years past allocations had been made regularly to contingencies account, but on this occasion it had been decided to place a sum of £50,000 to their published reserve. The bank's premises, which stood in the books at the very conservative figure of £404,000, had been maintained in first-class condition, but, as the present building restrictions had the effect of reducing additional capital expenditure to a minimum, it had not been considered necessary at this time to make any special allocation out of profits. As usual, they were being asked to approve of a sum of £25,000 being set aside to account of their liability in respect of pensions and other allowances. After making these allocations and providing for the proposed dividend of 18 per cent., they had a balance of £142,000 to carry forward, an increase of £7,000. As usual, full provision had been made for any bad or doubtful debts, and a valuation of their investments at April 2nd showed a considerable aggregate surplus over the total amount at debit.

The report was unanimously adopted, and a dividend at the rate of 18 per cent. per annum declared.

NATIONAL BANK OF EGYPT

EFFECTS OF WAR CONDITIONS

ACTIVE TRADE AND LARGER EXPORTS

ALY SHAMSY PASHA'S STATEMENT

The forty-first ordinary general meeting of the National Bank of Egypt was held on March 26th at the head office of the bank, Cairo.

Aly Shamsy Pasha (the president) was in the chair.

DIRECTORS' REPORT AND ACCOUNTS

The gross profit for the year, after providing for depreciation on the Bank's buildings and furniture, for rebate of discount and for doubtful debts, amounts to £945,130 13s. 2d. After deducting from this sum £20,205 for directors' fees and £513,041 18s. 11d. for current expenses, there remains £411,883 14s. 3d. In conformity with Article 49 of the bank's statutes, a dividend of 4 per cent. is payable on the share capital, £120,000, and after this distribution there remains £291,883 14s. 3d. Adding to this the balance brought forward from last year of £223,736 15s. 11d., the amount available is £515,620 10s. 2d. From this amount the directors recommend the payment of an additional dividend of 10 per cent. on the share capital, which will absorb £300,000, and to carry forward the balance of £215,620 10s. 2d. The total dividend for the year will thus be at the rate of 14 per cent., equivalent to £1 8s. per share. An interim dividend of 8s. having been paid on September 2, 1940, there remains to be distributed the balance of £1 per share, which will be paid subject to taxation under Laws No. 14 of 1939 and No. 26 of 1940.

BALANCE SHEET, 31ST DECEMBER, 1940

Liabilities	L.E.	MM.	£ST.	s.	d.
Share Capital 300,000 fully paid Shares of £10 each	2,925,000	000	3,000,000	0	0
Statutory Reserve Fund	1,462,500	000	1,500,000	0	0
Special Reserve	1,462,500	000	1,500,000	0	0
Current Deposit and other Accounts	26,366,772	870	27,042,843	19	5
Egyptian Government	447,902	609	459,387	5	10
Sudan Government	443,077	445	454,438	8	1
Mixed Tribunals	1,588,809	714	1,629,548	8	6
Public Debt Special Account	2,286,523	856	2,345,152	13	5
Bankers' Accounts	4,025,954	092	4,129,183	13	8
Cheques and Bills payable	259,511	455	266,165	11	11
Rebate of Discount on Bills not yet due	2,364	791	2,425	8	7
Dividends Unclaimed	103,256	098	105,903	13	10
Acceptances, &c.	1,885,886	075	1,934,242	2	7
Provision for payment of final dividend at the rate of 10% p.a.	292,500	000	300,000	0	0
Profit and Loss Account Balance	210,229	998	215,620	10	2
	43,762,789	003	44,884,911	16	0

Assets	L.E.	MM.	£ST.	s.	d.
Government securities and securities guaranteed by the Egyptian Government	25,545,640	288	26,200,656	14	2
Sundry securities	2,541,774	639	2,606,948	6	10
Advances on Merchandise	3,738,944	192	3,834,814	11	1
Advances on Securities	1,523,989	437	1,563,066	1	10
Advances otherwise secured	1,251,561	103	1,283,652	8	3
Sundry other Advances	1,235,747	918	1,267,433	15	3
Bills of Exchange	1,332,706	835	1,366,878	18	2
Local Bills discounted	49,473	180	50,741	14	6
Buildings, Furniture, &c.	199,322	904	204,433	14	11
Money at Call and at Short Notice	595,725	000	611,000	0	0
Bankers' Accounts	1,524,371	961	1,563,458	8	5
Clients' Liability for Acceptances, &c., as per contra	1,885,886	075	1,934,242	2	7
Cash: Notes: L.E. 2,190,750: 250; Gold and Silver coin, &c. 46,895: 121	2,337,645	371	2,397,584	19	11
	43,762,789	003	44,884,911	16	0

ISSUE DEPARTMENT

	L.E.	MM.	L.E.	MM.
Notes Issued			39,500,000	000
			39,500,000	000
Gold	6,240,583	305		
*British Government Treasury Bills and Treasury Bonds	13,509,416	692	19,750,000	000
Securities				
Egyptian Government Securities and Securities Guaranteed by the Egyptian Government	1,500,000	000		
British Government Treasury Bills and War Loan	18,250,000	000	19,750,000	000
			39,500,000	000

* By authority of the Egyptian Government these Treasury Bills and Treasury Bonds are deposited in lieu of gold.

PRESIDENT'S SPEECH

The year through which we have passed since our last annual meeting has been one of continuous anxiety and difficult business condition.

This country had enjoyed comparative immunity from the effects of the war in the early stages of the struggle, but with the overthrow of friendly countries in Europe and the declaration of war by Italy, the situation changed completely and even our territory could no longer be regarded as secure from invasion. It is not surprising that in such conditions foreign trade suffered a setback and great apprehension was felt regarding the disposal of the cotton crop which had been sown under happier conditions.

The Government at once realised that the country's whole economic structure was faced with a grave misfortune and that a large number of agriculturists would be impoverished unless special measures were taken; their successful endeavours which resulted in the sale of the 1940-41 crop to the British Government merit the warmest approbation of the whole country and not least of the business community to which we belong. I think it would be ungracious were we not also to acknowledge our deep sense of gratitude to the British Government for their prompt and friendly action which saved the country from dire distress.

There is considerable evidence to show that the increased note circulation is largely due to causes unconnected with the rise in prices of certain goods. The clearing house figures also afford evidence that there has been no significant degree of an inflationary rise in prices.

HIGH FINANCIAL REPUTATION MAINTAINED

Despite the many adverse factors, Egypt has been able to maintain her high reputation for the soundness of her financial administration. The Budget for the coming year has been balanced without recourse to the reserve fund, a notable achievement at a time when most countries have had to face heavy deficits. It has been achieved not by increasing the burden of taxation to any great extent, but by reducing expenditure.

The circumstances to which I have referred earlier have had their effect on our balance-sheet. The figures reveal a large increase in our resources, and our monthly published statements will have shown you that the inflow of funds occurred in the latter months of the year and will have left you in no doubt regarding the benefit accruing from the happy arrangement for the disposal of the cotton crop.

The gross profits for the year 1940 were £945,130, representing an increase of £46,542 over the previous year. After deducting general expenses amounting to £533,246, there remains a net profit of £411,884, which, with a small draft of £8,116 on the carry-forward, your board proposes should be distributed by way of dividend at the same rate as a year ago—namely, 14 per cent.

CALEDONIAN INSURANCE COMPANY

RESULTS OF A DIFFICULT YEAR

The one hundredth and thirty-sixth annual general meeting of this company was held, on the 8th instant, in Edinburgh.

The chairman, Mr. Maurice Crichton, C.A., in moving the adoption of the report, said: Speaking generally, I should like to assure the shareholders that we are steadily surmounting our difficulties and have made full provision for our liabilities.

The net new life assurances granted during 1940 amounted to £627,450, the premiums thereon being £27,173, including £3,968 by single payments. The net new sums assured compare with £1,454,772 for the previous year, the reduction being due to the effects of the war and to the careful attitude maintained by the company.

The death claims for the year 1940 were £285,467 compared with £267,739 in the previous year, the increase being directly attributable to the war. Surrenders amounted to £87,582 against £57,278 in 1939, the increase being apparently due to financial stress. The total net premium income for 1940 was £391,838 compared with £610,603 in 1939.

The expenses for the year 1940, excluding those applicable to annuities, showed a ratio to the net premium income of 15 per cent. compared with 16.5 per cent. in 1939.

The average rate of interest on the combined Life Assurance and Annuity Fund (excluding reversions purchased) was £3 9s. 9d. per cent. after deduction of income tax, against £3 12s. 8d. per cent. for the previous year, the reduction being mainly accounted for by the increase in the rate of income tax.

The valuation of our Stock Exchange securities as at December 31st last showed that, in the aggregate, the market value at that time was less, by about 3¾ per cent., than the figure appearing in the balance-sheet.

With regard to the question of the statutory valuation of the life fund, you will have seen from the annual report that it has been decided to make the next investigation as at December 31, 1941, in respect of the five years ending on that date. In the meantime, you will notice that the directors have decided to allot an interim bonus of £1 per cent. per annum under policies becoming claims by death or maturity in 1941 in respect of each year's premium due and paid in the years 1937 to 1940 inclusive.

FIRE, ACCIDENT AND MARINE DEPARTMENTS

The premium income for the year 1940 was £732,755 against £684,680 in 1939, and the profit was £14,665 compared with £45,989. The total fire fund at December 31, 1940, amounted to 108 per cent. of the premium income for the year.

You will observe this year that there is a special item, namely, "War Contingency Reserve," under which the sum of £3,600 has been set aside. This, I may explain, is in connection with contingent liabilities in respect of our business abroad, which are at present unascertainable on account of the war.

The combined account shows that the total premium income for 1940 was £510,930 against £568,358 for 1939. The profit was £16,520 compared with £23,767 for the previous year. The total accident fund at December 31, 1940, amounted to 89 per cent. of the premium income for the year.

As in the case of the fire department, you will notice that we have provided for a war contingency reserve, and that the amount set aside is £46,000.

The premium income for 1940 was £255,794 against £121,847 for 1939. The first year's claims in 1940 were £52,610, being 20.6 per cent. of the premium income.

The marine fund at December 31st last amounted to £306,071.

On account of the uncertain conditions it has been decided to make no transfer on this occasion to profit and loss account.

PROFIT AND LOSS ACCOUNT

The balance at credit of profit and loss account at December 31, 1940, including the sum brought forward from the previous year, amounted to £198,400. Provision in the profit and loss account for British income tax covers all known liability to tax at the new rate of 10s. per £. Out of the sum of £198,400 the directors recommend that £20,000 be carried to the staff pension fund as at January 1, 1941, and that a dividend be declared at the rate of 15s. per share, subject to deduction of income tax, to be paid by equal half-yearly instalments on May 15th and November 11th next.

G. BEATON AND SON, LIMITED

INCREASED PROFIT

MR S. C. GOODWIN'S SPEECH

The annual general meeting of G. Beaton and Son, Limited, was held, on the 7th instant, in London, Mr S. C. Goodwin (chairman of the company) presiding.

The Chairman said: Ladies and Gentlemen,—It is not my intention, nor will it be expected of me, to enlarge upon the activities of your company during the past year; consequently, my remarks will deal with the salient features of the accounts and balance sheet.

You will observe that the profit for the year, using round figures, amounts to £56,519, an increase on 1939 of £9,199, and that after charging directors' fees and providing for taxation, the net profit comes out at £14,019.

TAXATION CHARGES

The charge for taxation includes an adjustment, due to the imposition of a higher standard of tax in the supplementary Budget of 1940, and the estimated liability, based on the existing scales of taxation, which arises on the accounts under review. It may appear to members that this charge is unduly high in relation to the profits. This is, of course, due mainly to excess profits tax, but is accentuated by the fact that the figure of profits upon which taxes are levied invariably differs, often materially, from that upon which a board of directors could prudently base its dividend recommendation. This difference in viewpoint in relation to profits results in the creation of definite hardships to companies which have effected developments in certain channels which cannot be regarded as other than temporary, inasmuch as only a modicum of the cost is immediately allowable by the revenue authorities in calculating the liability to excess profits and ordinary taxation, the balance being left to be dealt with in due course. In consequence, this balance must, for the time being, be financed out of profits left to the company as its "standard," with the result that the amount remaining available for distribution to shareholders is seriously depleted.

I feel strongly that I should be failing in my duty to shareholders if I did not refer to this position and the difficulties arising from the incidence of excess profits tax, which in many cases leaves a company with a too small portion of the profit earned, insufficient financial resources, and the inability to reserve adequately against post-war exigencies.

BALANCE SHEET ITEMS

Turning to the balance sheet, I would direct your attention to the fact that reserves, other than the amount earmarked against debtors, total £51,725, or upwards of 50 per cent. of the company's capital, and that the surplus of assets over liabilities is £169,754, a figure which has not materially changed from last year.

A significant point indicated by the balance sheet is that creditors on trade accounts and in respect of accrued expenses are higher by some £37,000, stocks and work in progress are up by over £50,000 and debtors by roughly £15,000. It is not considered necessary to increase the reserve against book debts which was built up against contingencies arising in the course of our normal business of motor accessories manufacturers. The fixed assets do not show any decided fluctuation compared with 1939, but there is a drop of roughly £16,000 in cash.

Under the heading of trade investments an increase of £7,500 will be noted. Of this amount £4,700 represents additional loans to another company which, along with moneys previously advanced, will in due course be satisfied by the issue of shares, and £2,800 is on joint venture account. I may add that the company referred to, and the joint venture in which we hold a 50 per cent. interest, are earning profits on a scale considered by the board to be satisfactory.

I know it would be your desire that I should express the thanks of this meeting to the company's officials, staff and workpeople for their services during the year.

The report and accounts were unanimously adopted and the usual formal business transacted.

At a subsequent extraordinary general meeting a resolution was passed approving an alteration to the articles of association fixing the fees of the directors at £1,000 per annum.

SAN FRANCISCO MINES OF MEXICO, LIMITED

The twenty-eighth ordinary general meeting of San Francisco Mines of Mexico, Limited, was held, on the 7th instant, at Winchester House, Old Broad Street, E.C., Mr C. T Pott presiding.

The chairman, in the course of his remarks, said: The operating profit for the year amounted to £22,232, as compared with £4,515 during the previous period. After charging reserve for depreciation of machinery, etc., Mexican income tax and the usual London overheads, and crediting interest and a reserve of £4,108 no longer required, this profit is changed to a net loss of £15,845.

While the operating results for the year show some slight improvement, it is nevertheless disappointing. The smaller tonnage milled, poor labour efficiency, the low market prices for metals, and the small demand for lead all contributed to this unsatisfactory result.

For a portion of the year lead was practically unmarketable, but we were able to dispose of our zinc concentrates in the United States. Fortunately the lead position has now improved, and we have been able to sell at remunerative prices the heavy stocks of lead which we held at the end of the year.

The tonnage milled was 437,920 tons, being a reduction of about 8 per cent. on the previous year, which is due partly to the suspension of milling of carbonate ores and partly to the labour shortage.

We shall shortly be entering upon negotiations for a new collective labour contract. While we have always aimed to treat labour on generous lines, both as regards wages and social benefits, there are many conditions in the present collective contract which are most onerous. As I have mentioned on other occasions, these unduly burdensome labour conditions coupled with the enormous taxation, which is mainly charged on revenue and which the company has to bear during a period of unfavourable base metal prices, results in there being nothing left for those who have to bear the weight of financing and running the business. However, I am glad to say that there has been some amelioration so far as certain existing taxes are concerned, and we can only hope that the Mexican Government will see the wisdom of granting more sympathetic treatment to mining companies operating in Mexico.

Due partly to the shortage of labour and partly to the necessity of increasing our broken ore reserves, development operations during the year were further restricted, the total accomplished being 2,433 metres, which was 30 per cent. less than for the previous year. As we all know, development is vital for the maintenance of ore supplies for the mill, so that this falling off gives cause for some anxiety. Fortunately the results of the development were encouraging. The work to the south on the tenth level of the important Brown vein, on the Footwall vein below the seventh level and on the tenth level of the Bronces vein is most promising, and in general this applies to development on other veins in the San Francisco Mine. The work on the Cobriza vein is exposing ore north of any ore previously developed at the San Francisco Mine, and we are hopeful that the area north of the North Shaft, hitherto considered barren, may ultimately yield an important ore supply.

At the Clarines Mine, the Clarines vein, which is at present the main source of ore production from this mine, development for a while exceeded expectations, but more recently the vein has pinched and is of low grade. On the Pilares vein developments continue to be good.

There is no doubt that the mine continues to open up well, and under reasonable operating conditions a long and profitable existence would be ensured. But we are beset with many difficulties. The waging of war handicaps the marketing of our production. The uncertain and unsatisfactory labour supply necessitates operating the mill at much under capacity, and it is impossible to prognosticate the demand and prices for the metals we produce and the trend of taxation. As to conditions now ruling, it suffices if I mention that during the first quarter of the current fiscal year we made a small operating profit of about $12,000, which does not include excess realisations in respect of end-year metal stocks since sold.

The report and accounts were unanimously adopted.

SPILLERS LIMITED

FLOUR MILLERS' NEGOTIATIONS WITH MINISTRY

STATEMENT BY SIR MALCOLM ROBERTSON

The fifty-fourth annual general meeting of Spiller, Limited, was held, on the 9th instant, at the Aldwych Room, Waldorf Hotel, London, W.C. The following is an extract from the statement which was submitted to the meeting by the chairman of the company, the Rt. Hon. Sir Malcolm A. Robertson, P.C., G.C.M.G., K.B.E., M.P., and which had been previously circulated to stockholders:—

It is a matter of regret to your directors that for the second successive year they are unable to present to you the accounts of the company. Last year I explained to you the circumstances which made impossible the compilation of accounts for the financial year ended January 31, 1940. The same applies to the year ended January 31, 1941.

SOME AGREEMENTS REACHED

During the past year almost continuous negotiations have been taking place between the Ministry of Food and the various industries in which your company is interested with a view to arriving at some basis for determining the earnings of these industries under control conditions. Considerable progress has been made, and in certain instances agreement has been reached; but on the flour-milling side negotiations have not yet arrived at a stage where a scheme can be sumitted for the consideration of the industry. It is hoped that this stage will shortly be reached, but even if this is so, and if the scheme is one acceptable to the industry, the accounting problems to which it will give rise will be such as to delay the ascertainment of the company's position for a very considerable time thereafter.

In the present circumstances, I must defer further comment until such time as a scheme has been evolved and its effect upon the company considered. I shall also be compelled to propose once again that this meeting be adjourned *sine die* for the future reception of accounts.

BOARD'S DIVIDEND DECISION

The absence of information concerning the actual earnings of the company is a source of great anxiety to your board, and, you will appreciate, presented a serious problem in regard to the recommendation of dividends for the past year. After full consideration your directors came to the conclusion that in view of the strong liquid position of the company, the reserves built up over a long period of years, and the volume of business conducted in the past year upon which some reasonable profit ought to be forthcoming under such scheme of remuneration as may ultimately be formulated, they would be justified in recommending the declaration of dividends at the same rates as have applied for a number of years past. A resolution to this effect will be laid before you at a later stage of this meeting.

Although in view of the considerations mentioned the Board felt itself able to recommend the maintaining of the dividend rates for the past years, I think it wise to state that this should not be taken as an indication that under prevailing conditions it will be possible to continue distributions at the same level. I have already intimated that we are as yet unable to forecast the effect upon the company of such agreement as may be reached with regard to the flour-milling side of the business.

Apart from this, there is the possible reaction upon the results of our other activities arisng from the curtailment of supplies of raw material, and finally, there is the general effect of war conditions as a whole and particularly damage from enemy action. In the latter connection it is right to inform you that damage has occurred to certain of your company's properties, and we are, of course, unable to assess what the future may hold in store in this respect.

THE WAR DAMAGE ACT

In connection with this latter subject, I might refer to the provisions of the War Damage Act. While it is true that this provides a substantial measure of indemnity against the

loss of or damage to physical assets, there is no cover against consequential loss. Again, the War Damage Act calls for the payment of substantial premiums, and those relating to fixed assets are specifically described as being of a capital nature and accordingly do not constitute an admissible deduction from profit for the purposes of assessment to taxation. In effect, this represents a material additional tax upon owners of property and of itself will bring about an appreciable reduction in profit available for distribution.

It is fully accepted that great sacrifices must be made by the whole community for the purpose of financing the expenditure necessitated by the war; but the preservation of essential industry on a basis which will enable it to live and to compete in the post-war period is surely a matter which cannot be ignored. In these circumstances I express the hope that something may yet be done to spread more equitably the burden of war damage, as the effect of adding still further to the existing level of direct taxation in the case of an industry subject to rigid control may well be serious.

PRODUCTION OF ESSENTIAL FOODSTUFFS

As regards the general conduct of the company's business, I am happy to be able to tell you that every effort has been made, and will continue, to utilise to the fullest extent possible our facilities for the production of essential foodstuffs. Your directors are also continuing so far as is within their power, and consistent with current conditions, to preserve the basis of the company's trade and to conduct operations in the best interests of the stockholders.

The report was adopted unanimously.

WILLIAM BEARDMORE AND COMPANY, LIMITED

DIVIDEND OF 10 PER CENT

The ordinary general meeting of William Beardmore and Company, Limited, was held, on the 5th instant, in the offices of the company, at 207, Shettleston Road, Glasgow.

In the unavoidable absence of Sir James Lithgow, Bt., M.C., D.L., chairman of the company, Mr. Alexander Williamson, B.Sc., M.Inst.C.E., managing director, presided.

The secretary, Mr D. M. Cameron, C.A., read the notice convening the meeting, and the auditors' report was read by Mr R. H. Ballantine, C.A.

The chairman, after referring to the circular which had been issued to ordinary stockholders informing them that the directors had considered it advisable at the present time, in the interests of national security, to dispense with his usual address, moved: "That the report of the directors and the accounts for the year ended December 31, 1940, be, and they are hereby, adopted."

Mr J. B. Talbot-Crosbie seconded the resolution, and it was carried unanimously.

The placing of the sum of £200,000 to war contingencies reserve was confirmed.

The final divdend on the ordinary stock of 7 per cent., less tax, making 10 per cent. for the year to December 31, 1940, was authorised; the retiring directors, Mr Wilson Harvey and Mr Frank Hodges, were re-elected; the auditors, Messrs J. Wyllie Guild and Ballantine, were reappointed; and, after a vote of thanks had been accorded to the chairman, the proceedings terminated.

Every year many hundreds of Companies publish Reports of their Annual General Meetings in *The Economist*, thereby reaching thousands of investors in the quiet of their own homes.

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MITCHELL COTTS AND COMPANY, LIMITED

STATEMENT BY MR ALEXANDER HAMILTON

The following is the statement of the chairman, Mr Alexander Hamilton, which has been circulated with the report and accounts:—

The profit and loss account shows trading profits of £139,348, from which are deducted directors' fees £500, and provision for taxation £60,000, leaving a balance of £78,848.

The preference dividend absorbed £5,368, which left £73,480 available for reserve and ordinary dividends. The directors propose to transfer to general reserve £20,000 and to staff provident fund £5,000, making a total of £25,000.

It will be remembered that we declared and paid an interim dividend of 4 per cent. (less tax) in July last, and a final dividend was declared at the annual general meeting held last December, and has since been paid. This was 9 per cent. (less tax) and made a total for the year of 13 per cent., as against 12 per cent. for the previous year. These dividends together absorb £42,897, leaving £5,583 of the year's profit to be added to the balance carried forward, which will now stand at £48,607.

The increased provision for taxation will cause shareholders no surprise, being brought about by the increase in profits and the higher rates now in force.

As regards the excess profits tax, progress has been made with the negotiations with the Inland Revenue, and although no final figure has yet been agreed, the indications are that our "standard profits" will be satisfactory. It is estimated that the present charge for taxation in the accounts under review is adequate to cover the company's liabilities under this heading.

In view of the unavoidable delay between the close of the accounts and their presentation, it may be helpful if I state that during the current year we have fully maintained our position, and have every reason to expect that the accounts for the year to June, 1941, will not be less satisfactory than those now before the shareholders.

F. FRANCIS AND SONS, LIMITED

INCREASED PROFIT AND DIVIDEND

The fortieth ordinary general meeting of F. Francis and Sons, Limited, was held on the 8th instant in London.

Mr John Ismay (chairman of the company), who presided, said: I record with the deepest regret the loss to our company by the death of our joint managing director, Mr J. H. E. Francis, who was the son of the original founder of the business and had been associated with it for over 50 years. He became a director when F. Francis and Sons, Limited, was formed in 1900. He was not only a keen business man, but had a kindly nature and was highly esteemed by all who knew him. We will miss him deeply. You will be glad to see that his brother, Mr S. W. Francis, remains as managing director.

I do not think there is anything special to draw your attention to in the balance sheet. The bulk of our extra profit has been taken up by the additional provision for taxation. We have slightly increased our provision for depreciation, but have not put anything to general reserve, as this is not considered necessary, our assets being conservatively valued, adequate depreciation having been written off our wasting assets over many years.

Whilst we propose a final dividend of 10 per cent. against 8½ per cent. for the previous year, this actually only involves a payment of £10,000 against £10,600 previously, and we have increased the carry-forward to over £20,000.

The consolidated statement shows that, in spite of the heavy provision for taxation included in the current liabilities and provisions, our margin of liquid assets over liabilities has risen from £93,676 last year to £110,477 this year, that is, an increase of £16,800. Your board view the future with confidence.

The report and accounts were unanimously adopted.

The final dividend of 10 p.c. (making 14 p.c. for the year) was approved; the retiring director, Mr F. Skade, was re-elected; and the auditors, Messrs Jas. Williamson and Co., having been reappointed, the proceedings terminated with a vote of thanks to the chairman, directors and staff.

CURRENT STATISTICS

Finance

GOVERNMENT RETURNS

For the week ended May 3, 1941, total ordinary revenue was £30,933,000, against ordinary expenditure of £86,487,000, and issues to sinking funds of £130,000. Thus, including sinking fund allocations, the deficit accrued since April 1st is £274,053,000 against £167,012,000 for the corresponding period a year ago.

ORDINARY AND SELF-BALANCING REVENUE AND EXPENDITURE

Revenue	Receipts into the Exchequer (£ thousands)			
	April 1 to May 4, 1940	April 1 to May 3, 1941	Week ended May 4, 1940	Week ended May 3, 1941
ORDINARY REVENUE				
Income Tax	16,778	35,832	3,752	5,801
Sur-tax	3,900	4,480	650	540
Estate, etc., Duties	7,800	9,483	1,610	1,983
Stamps	700	940	430	...
N.D.C.	1,720	1,376	400	370
E.P.T.	190	13,512	60	2,098
Other Inland Revenue	50	30	...	...
Total Inland Revenue	31,138	65,653	6,902	10,792
Customs	25,745	31,941	5,567	6,349
Excise	12,458	19,120	960	11,666
Total Customs and Excise	38,203	51,061	6,527	18,015
Motor Duties	4,644	3,375	589	426
P.O. (Net Receipt)	2,600	2,150	1,550	1,700
Crown Lands	160	170	...	...
Receipts from Sundry Loans	182	66	3	...
Miscellaneous Receipts	838	833	20	...
Total Ord. Revenue	77,765	123308	15,591	30,933
SELF-BALANCING				
Post Office and Broadcasting	6,200	6,550	900	900
Total	83,965	129858	16,491	31,833

Expenditure	Issues out of the Exchequer to meet payments (£ thousands)			
	April 1 to May 4, 1940	April 1 to May 3, 1941	Week ended May 4, 1940	Week ended May 3, 1941
ORDINARY EXPENDITURE				
Int. & Man. of National Debt	38,911	45,944	14,594	17,068
Payments to N. Ireland	592	299	296	...
Other Cons. Fund Serv.	284	286	...	9
Total	39,787	46,529	14,890	17,077
Supply Services	198211	350366	42,150	69,410
Total Ord. Expenditure	237998	396895	57,040	86,487
SELF-BALANCING				
Post Office and Broadcasting	6,200	6,550	900	900
Total	244198	403445	57,940	87,387

After decreasing Exchequer balances by £380,662 to £2,325,360, the other operations for the week (no longer shown separately) raised the gross National Debt by £55,545,386 to about £11,670 millions (after deducting £17,043,000 issued to sinking funds in 1940–41, but excluding issues to sinking funds in 1941–42).

NET ISSUES (£ thousands)		NET RECEIPTS (£ thousands)	
P.O. and Telegraph	200	Repayments under Tithe Act	60
Housing Act	8		
Overseas Trade Guarantees	94		
	302		

AGGREGATE ISSUES AND RECEIPTS

The aggregate issues and receipts from April 1, 1941, to May 3, 1941, are:—

(£ thousands)

Ordinary Exp.	396,894	Ord. Revenue	123,308
Misc. issues (net)	1,881	Gross. borr.	275,633
		Less—	
		Sinking fds.	466
		Net borrowing	275,167
		Dec. in balances	300
	398,775		398,775

FLOATING DEBT

(£ millions)

Date	Treasury Bills: Tender	Treasury Bills: Tap	Ways and Means Advances: Public Depts.	Ways and Means Advances: Bank of England	Treasury Deposits by Banks	Total Floating Debt
1940						
May 4	675·0	707·9	49·3	...	...	1432·2
1941						
Feb. 1	845·0		Not available			
„ 8	845·0		„	„		
„ 15	845·0					
„ 22	845·0	1369 4	165·5	...	355·0	2734·9
Mar. 1	845·0		Not available			
„ 8	845·0		„	„		
„ 15	845·0		„	„		
„ 22	845·0					
„ 31	2211·6		172·3	...	429·5	2813·4
April 5	845·0		Not available			
„ 12	850·0		„	„		
„ 19	855·0					
„ 26	865·0	1370·4	163·5	8·0	502·5	2909·4
May 3	875·0		Not available			

TREASURY BILLS

(£ millions)

Date of Tender	Amount: Offered	Amount: Applied for	Amount: Allotted	Average Rate Allotted	Per Cent. Allotted at Min. Rate
1940				s. d.	
May 3	60·0	113·2	60·0	20 4·81	45
1941					
Jan. 24	65·0	139·4	65·0	20 4·04	28
„ 31	65·0	150·7	65·0	20 2·84	100
Feb. 7	65·0	149·4	65·0	20 3·39	10
„ 14	65·0	142·5	65·0	20 4·23	23
„ 21	65·0	139·1	65·0	20 4·43	28
„ 28	65·0	160·5	65·0	20 3·43	15
Mar. 7	65·0	151·2	65·0	20 0·17	42
„ 14	65·0	153·8	65·0	19 11·79	24
„ 21	65·0	131·6	65·0	20 2·95	17
„ 28	65·0	148·3	65·0	20 2·46	28
April 4	70·0	164·7	70·0	20 2·41	26
„ 11	70·0	156·6	70·0	20 2·72	30
„ 18	75·0	161·8	75·0	20 2·63	30
„ 25	75·0	168·9	75·0	20 2·20	22
May 2	75·0	170·4	75·0	20 3·16	11

On May 2nd applications at £99 14s. 10d. per cent. for bills to be paid for on Monday, Tuesday, Wednesday, Thursday and Friday of following week were accepted as to about 11 per cent. of the amount applied for, and applications at higher prices in full. Applications at £99 14s. 11d. for bills to be paid for on Saturday were accepted in full. £75 millions of Treasury bills are being offered on May 9th. For the week ending May 10th the banks will be asked for Treasury deposits to the maximum amount of £40 millions.

NATIONAL SAVINGS CERTIFICATES AND 3% AND 2½% BONDS SUBSCRIPTIONS

(£ thousands)

Week ended	N.S.C.	3% Def. Bonds	2½% Bonds	New 2½%	3% Sav. Bonds
Mar. 25	5,055	4,658	14	17,685	11,080
Apr. 1	4,918	4,957	Nil	11,252	10,541
„ 8	4,405	4,568	Nil	10,448	8,516
„ 15	2,567	2,803	Nil	4,248	4,890
„ 22	3,560	2,785	2	6,910	3,789
„ 29	5,118	4,318	Nil	6,862	5,673
May 6	...	...	5	7,822	20,279
Totals to date	272,167*	267,390*	444440†	186,679§	133,871§

* 75 weeks. † 46 weeks. § 18 weeks.

Interest free loans received by the Treasury up to May 3rd amounted to a total value of £32,143,563. Up to April 26th, principal of Savings Certificates to the amount of £33,972,000 had been repaid.

BANK OF ENGLAND RETURNS

MAY 7, 1941

ISSUE DEPARTMENT

	£		£
Notes Issued:		Govt. Debt	11,015,100
In Circn.	625,972,539	Other Govt. Securities	666,144,331
In Bnkg. Department	54,269,036	Other Secs.	2,830,472
		Silver Coin	9,897
		Amt. of Fid. Issue	680,000,000
		Gold Coin & Bullion (at 168s. per oz. fine)	241,575
	680,241,575		680,241,575

BANKING DEPARTMENT

	£		£
Props.' Capital	14,553,000	Govt. Secs.	102,477,638
Rest	3,164,590	Other Secs:	
Public Deps.*	12,236,778	*Discounts & Advances*	*19,351,561*
		Securities	*19,789,740*
Other Deps.:			39,141,301
Bankers	*113,556,211*	Notes	54,269,036
Other Accts.	*53,963,363*	Gold & Silver Coin	1,585,767
	167,519,574		
	197,473,942		197,473,942

* Including Exchequer, Savings Banks, Commissioners of National Debt and Dividend Accounts.

THE WEEK'S CHANGES

(£ thousands)

Both Departments	Amt. May 7, 1941	Compared with Last Week	Compared with Last Year
COMBINED LIABILITIES			
Note circulation	625,973	+ 2,623	+ 82,630
Deposits: Public	12,237	− 1,411	− 20,907
Bankers	113,556	− 18,199	+ 5,431
Others	53,963	− 3,277	+ 8,993
Total outside liabilities	805,729	− 20,264	+ 75,537
Capital and rest	17,718	+ 17	− 1
COMBINED ASSETS			
Govt. debt & securities†	779,637	− 6,852	+ 64,160
Discounts and advances	19,351	− 8,963	+ 14,831
Other securities	22,620	− 4,571	− 3,348
Silver coin in issue dept.	10	+ 2	− 500
Coin and gold bullion	1,827	+ 136	+ 391
RESERVES			
Res. of notes and coin in banking department	55,855	− 2,487	+ 18,372
"Proportion" (reserve to outside liabilities in banking dept.)	31·0%	− 2·3%	+10·9%

COMPARATIVE ANALYSIS

(£ millions)

	1940	1941		
	May 8	Apr. 23	Apr. 30	May 7
Issue Dept.:				
Notes in circulation	544·0	622 5	623·3	626 0
Notes in banking department	36·3	7 8	56·9	54·3
Government debt and securities*	576·4	627 1	677·2	677·2
Other securities	3·1	2 9	2·8	2·8
Silver coin	0·5	0 0	0·0	0·0
Gold, *valued at s. per fine oz.*	0·2 *168·00*	0 2 *168 00*	0·2 *168 00*	0·2 *168·00*
Deposits:				
Public	33·1	16 1	13·6	12·2
Bankers'	108·1	112 5	131·8	113·6
Others	45·0	52 2	57·2	54·0
Total	186·2	180 8	202·6	179·8
Banking Depart. Secs.:				
Government	139·1	132 2	109·3	102·5
Discounts, etc.	4·5	3· 2	28·3	19·4
Other	22·9	19 1	24·4	19 8
Total	166·5	189 5	162·0	141·7
Banking depart. res.	37·5	9	58·3	55·9 %
"Proportion"	20·1	5 0	28·7	31·0

* Government debt is £11,015,100 capital, £14,553,000 Fiduciary issue raised from £630 millions to £680 millions on April 30, 1941

OVERSEAS BANK RETURNS

NOTE.—The latest returns of the Bank of Finland appeared in "The Economist" of Dec. 9th, 1939; Norway, of Apr. 13th, 1940; Denmark, of Apr. 27th; Netherlands, of May 11th; Belgium, of May 18th; France, of June 8th; Switzerland, of June 15th; Java, of June 22nd; Latvia, of Oct. 5th; Estonia, of Oct. 26th; Mellie Iran, of Nov. 23rd; Lithuania, of Nov. 30th; Roumania, of Feb. 8th; Reichsbank, International Settlements, of Feb. 15th; Roumania, of Feb. 22nd; Portugal, of Mar. 8th; Greece, of Mar. 22nd; Argentina and Jugoslavia, of Apr. 26th; U.S. Federal Reserve Member Banks, India and Turkey, of May 3rd.

U.S. FEDERAL RESERVE BANKS
Million $'s

12 U.S.F.R. Banks	May 1, 1940	Apr. 17, 1941	Apr. 24, 1941	May 2, 1941
Resources				
Gold Certifs. on hand and due from Treas.	16,443	20,125	20,160	20,193
Total reserves	16,833	20,461	20,504	20,533
Total cash reserves	380	326	334	329
Total U.S. Govt. secs.	2,467	2,184	2,184	2,184
Total bills and secs.	2,479	2,192	2,194	2,194
Total resources	20,122	23,869	23,658	23,686
Liabilities				
F.R. notes in circn.	4,946	6,206	6,218	6,282
Excess mr. bank res.	6,110	6,260	5,760	5,770
Mr. banks res. dep.	12,870	13,970	13,506	13,524
Govt. deposits	490	534	947	865
Total deposits	14,153	16,276	16,261	16,220
Total liabilities	20,122	23,869	23,658	23,686
Reserve ratio	88·1%	91·0%	91·2%	91·3%
Banks and Treasury:				
Resources				
Monetary gold stock	18,771	22,421	22,482	22,505
Treas. and bk. currency	3,000	3,116	3,118	3,122
Liabilities				
Money in circulation	7,570	8,989	8,992	9,071
Treas. cash and dep.	2,783	2,803	3,246	3,148

AUSTRALIAN COMMONWEALTH BANK.—Million £A's

	Mar. 18, 1940	Mar. 3, 1941	Mar. 10, 1941	Mar. 17, 1941
Assets				
Gold and English stg.	16·08	17·71	17·71	17·71
Other coin, bullion, etc.	6·41	5·89	6·02	6·43
Call Money, London	37·03	65·53	61·41	63·82
Secrts. and Treas. bills	84·87	88·41	87·84	88·43
Discounts and advances	36·15	24·85	24·68	22·81
Liabilities				
Notes issued	53·53	62·37	62·62	62·62
Deposits, etc.	109·22	124·0	122·07	124·24

NATIONAL BANK OF BULGARIA
Million levas

	Jan. 23, 1940	Nov. 15, 1940	Nvo. 23, 1940	Jan. 23, 1941
Assets				
Gold holdings	2,006	2,006	2,006	2,006
Balances abroad, etc.	2,020	2,346	2,384	2,488
Discounts and advances	1,399	2,494	2,488	2,388
Advances to Treasury	3,393	3,373	3,373	3,353
Liabilities				
Notes in circulation	3,949	6,255	6,258	6,308
Sight liabs. and deposits	3,900	3,627	3,665	4,061
Cover	27·3%	29·1%	28·9%	27·5%

BANK OF CANADA.—Million Can.$

	Apr. 3, 1940	Mar. 19, 1941	Mar. 26, 1941	Apr. 2, 1941
Assets				
†Reserve: Gold	225·8	...	...	...
Other	59·8	67·26	67·70	82·84
†Securities	197·5	534·68	528·17	523·61
Liabilities				
Note circulation	222·9	360·93	361·17	367·08
Deposits: Dom. Govt.	53·7	20·68	8·42	25·05
Chartered banks	189·6	214·70	218·94	219·21

† Gold and foreign exchange transferred to Foreign Exchange Control Board against securities.

NATIONAL BANK OF EGYPT
Million £E

	Oct. 31, 1939	July 31, 1940	Sept. 30, 1940	Oct. 31, 1940
Assets				
Gold	6·24	6·24	6·24	6·24
Brit. Govt. Secs.	18·16	24·38	28·20	31·40
Egyptian Govt. Secs.	3·50	2·48	2·96	2·96
Cash	2·09	1·65	2·03	2·07
Investments	9·14	13·67	15·28	20·04
Bills and Advances	13·89	10·53	9·06	9·85
Liabilities				
Notes issued	27·90	33·10	37·40	40·60
Deposits: Govt.	5·89	2·42	1·69	3·46
Other deps. and accts.	20·72	21·01	21·93	26·17

BANK OF JAPAN
Million yen

	Mar. 23, 1940	Mar. 1, 1941	Mar. 8, 1941	Mar. 22, 1941
Assets				
Gold & Bullion: Gold	501·3	501·3	501·3	501·3
Other	27·3	23·7	24·8	26·5
Foreign exch. fund	300·0	300·0	300·0	300·0
Discounts & advances	766·9	678·6	601·2	617·7
Government bonds	2481·6	3744·5	3687·7	3575·3
Agencies' accounts	282·8	331·9	321·1	364·5
Liabilities				
Notes issued	3311·2	4104·9	3863·2	3911·0
Deposits: Government	710·9	1060·8	1157·7	1178·5
Other	149·3	96·3	101·1	109·2

PRAGUE NATIONAL BANK
Million Crowns

	Mar. 31, 1940	Mar. 15, 1941	Mar. 23, 1941	Mar. 31, 1941
Assets				
Gold	1,602	1,465	1,465	1,465
Foreign exchange	736	770	769	769
Other cash	2,302	1,453	1,578	1,361
Bills and securities	358	250	250	250
Advances	584	...	...	...
Other assets	4,971	8,525	8,495	8,444
Liabilities				
Note circulation	5,568	6,682	6,621	7,007
Cash certificates	1,372	1,506	1,522	1,320
Clearing deposits	1,359	2,243	2,438	2,051
Other liabilities	1,714	1,490	1,434	1,369

RESERVE BANK OF NEW ZEALAND
Million £N.Z.'s

	Mar. 4, 1940	Feb. 17, 1941	Feb. 24, 1941	Mar. 3, 1941
Assets				
Gold & stg. exch.	12·82	18·95	19·44	19·56
Advances to State	25·33	26·55	26·14	25·82
Investments	3·36	3·78	3·78	3·78
Liabilities				
Bank Notes	17·95	21·40	21·38	21·26
Demand liabs: State	6·56	10·35	9·65	11·25
Banks and others	15·04	16·19	17·19	15·69
Reserves to sight liabs.	32·4%	39·5%	40·3%	40·6%

SOUTH AFRICAN RESERVE BANK
Million £'s

	Apr. 5, 1940	Mar. 14, 1941	Mar. 21, 1941	Mar. 28, 1941
Assets				
Gold coin and bullion	32·56	47·75	48·26	48·70
Bills discounted	9·31	0·58	0·27	0·49
Invest. & other assets	20·91	36·83	37·56	38·31
Liabilities				
Notes in circulation	19·22	21·67	21·24	23·57
Deposits: Government	8·25	8·66	9·81	9·01
Bankers'	27·33	46·36	45·89	45·23
Others	3·78	4·10	4·73	5·30
Reserve ratio	56·0%	59·1%	59·3%	58·9%

BANK OF SWEDEN
Million kroner

	Feb. 29, 1940	Jan. 23, 1941	Jan. 31, 1941	Feb. 28, 1941
Assets				
Gold reserve	915·7	694·5	694·2	716·2
Secondary cover:—				
Swedish assets	744·5	853·3	847·9	822·1
Foreign assets‡	485·4	777·4	769·3	747·2
Liabilities				
Notes in circulation	1349·0	1314·6	1416·7	1425·3
Deposits: Government	310·3	165·3	95·1	150·8
Banks & others	63·1	554·2	507·1	394·0

‡ Including "gold abroad not included in gold reserve."

NATIONAL BANK OF HUNGARY
Million pen;

	Feb. 7, 1940	Nov. 15, 1940	Nov. 13, 1940	Feb. 7, 1941
Assets				
Metal Reserve:				
Gold coin and bullion	124·1	124·1	124·1	124·1
Foreign exchange	76·8	40·8	37·5	34·6
Inl. bills, wts., & secs.	591·5	697·2	698·8	663·8
Advances to Treasury	313·2	572·4	572·4	573·3
Liabilities				
Notes in circulation	928·4	1304·7	1270·8	1321·5
Sight liabilities	189·8	207·2	239·6	183·6
Cash certificates	93·5	86·8	86·8	...

MONEY MARKET STATISTICS

EXCHANGE RATES

The following rates fixed by the Bank of England remained unchanged between May 1st and 8th. (Figures in brackets are par of exchange.)

United States. $ (*4·86⅛*) 4·02½–03½; mail transfers 4·02½–03½. **Canada.** $ (*4·86⅛*) 4·43–47; mail transfers 4·43–47¼. **Switzerland.** Francs (*25·22½*) 17·30–40. **Sweden.** Krona (*18·159*) 16·85–95. **Argentina.** Peso (*11·45*) 16·95½–17·13; mail transfers 16·95½–17·15. **Dutch East Indies.** Florin (*12·11*) 7·58–62; mail transfers 7·58–64. **Dutch West Indies.** Florin 7·58–62; mail transfers 7·58–64. **Portugal.** Escudos (*110*) 99·80–100·20. **Panama.** $ 4·02–04; mail transfers 4·02–04½. **Manila.** Peso 8·09–12; mail transfers 8·09–13.

Rates Fixed for Payment at Bank of England for Clearing Offices

Spain. Peseta (*25·22½*) 40·50 (Official rate); 46·55 (Voluntary rate). **Turkey.** £T (*1·10*) 5·20. **Italy.** 71·25 Lire.

Market Rates

The following rates remained unchanged between May 1st and 8th:—

Greece. Drachma (*375*) 515 sellers. **Finland.** Mark (*193·23*) 180–210. **Egypt.** Piastres (*97½*) 97⅛–¼. **India.** Rupee (*18d. per rupee*) 17$\frac{31}{32}$–18$\frac{1}{32}$. **Hongkong.** 14⅛–15⅛d. per $. **Japan.** Yen (*24·58d. per yen*) 13⅞–14⅛. **Singapore.** $ (*23d. per $*) 28$\frac{1}{32}$–$\frac{1}{32}$. **Colombia.** Peso 6 (nominal). **Belgian Congo.** Francs 176⅛–¾. **Shanghai** (May 1–8) 3–3⅛d. per $.

SPECIAL ACCOUNTS are in force for the following countries and no rate of exchange is accordingly quoted in London: Turkey, Brazil, Chile, Uruguay and Peru.

Forward Rates

Forward rates for one month have remained unchanged as follows:—**United States.** ¾ cent pm.-par. **Canada.** ½ cent pm.-par. **Switzerland.** 3 cents pm.-par. **Sweden.** 3 ore pm.-par. **Dutch East Indies.** 1½ cents pm.-par.

MONEY RATES, LONDON

The following rates remained unchanged between May 1st and 8th:—

Bank rate, 2% (changed from 3% October 26th, 1939). Discount rates: Bank Bills, 60 days, 1$\frac{1}{16}$%; 3 months, 1$\frac{1}{16}$%; 4 months, 1$\frac{1}{16}$%; 6 months, 1$\frac{1}{16}$–1$\frac{1}{8}$%. Treasury Bills: 2 months, 1–1$\frac{1}{16}$%; 3 months, 1$\frac{1}{16}$%. Day-to-day money, ¾–1¼%. Short loans, 1–1¼%. Bank deposit rates, ½%. Discount deposit at call, ½%; at notice ¾%.

GOLD AND SILVER

The Bank of England's official buying price for gold remained at 168s. 0d. per fine ounce throughout the week.

In the London silver market prices per standard ounce have been as follows:—

Date	Cash	Two Months	Date	Cash	Two Months
	d.	d.		d.	d.
May 1	23½	23½	May 6	23½	23½
„ 2	23½	23½	„ 7	23½	23½
„ 5	23½	23½			

PROVINCIAL BANK CLEARINGS (£ thousands)

	Week ended May 4, 1940	Week ended May 3, 1941	Aggregate Jan. 1 to May 4, 1940	Aggregate Jan. 1 to May 3, 1941		Week ended May 4, 1940	Week ended May 3, 1941	Aggregate Jan. 1 to May 4, 1940	Aggregate Jan. 1 to May 3, 1941
Working days:—	6	6	105	107	Newcastle	1,464	1,394	26,440	23,433
Birm'ham	2,951	2,598	41,455	39,788	Nottingham	508	461	8,155	8,373
Bradford	1,795	2,836	26,369	40,887	Sheffield	799	949	12,488	11,842
Bristol	1,873	2,044	29,649	33,986	10 Towns	30,172	29,340	487644	493164
Hull	832	702	15,268	11,777					
Leicester	851	921	14,082	15,300	Dublin*	5,279	5,045	105283	104628
Liverpool	5,357	4,819	106229	97,363	So'th'pton†	...	110	...	1,923
Manch'ter	13,742	12,616	207509	210415					

* April 27, 1940, and April 26, 1941. † Clearing begun May 14, 1940.

NEW YORK EXCHANGE RATES

New York on	May 1, 1941	May 2, 1941	May 3, 1941	May 5, 1941	May 6, 1941	May 7, 1941
London:—	Cents	Cents	Cents	Cents	Cents	Cents
Cables	403½	403½	403½	403½	403½	403½
Switzerland, Fr.	23·23	23·23	23·23	23·23	23·23	23·23
Italy, Lire	5·05	5·05	5·05	5·05	5·05	5·05
Berlin, Mark	40·05	40·05	40·05	40·05	40·05	40·05
Stockholm, Kr.	23·84	23·84	23·84	23·84	23·84	23·84
Montreal, Can. $	87·81	87·93	87·93	87·93	87·93	87·75
Japan, Yen	23·45–48	23·45–48	23·45–48	23·45–48	23·45–48	23·45–48
Shanghai, $	5·25	5·25	5·27	5·30	5·34	5·34
B. Aires. Pso. (mkt. rate)	23·55‡	23·55‡	23·55‡	23·60‡	23·75‡	23·75‡
Brazil, Milreis	5·05	5·05	5·05	5·05	5·05	5·05

‡ Official buying rate 29·78.

THE WEEK'S COMPANY RESULTS

Company	Year Ending	Total Profit	Depreciation, etc.	Net Profit after Deb. Interest	Available for Distribution	Appropriation: Pref. Div.	Ord. Div.	Rate	To Free Reserves	Difference in Carry Forward (+ or −)	Preceding Year: Total Profit	Net Profit	Ord. Div.
		£	£	£	£	£	£	%	£	£	£	£	%
Breweries													
Walker (John) & Sons ...	Mar. 31	405,106	...	385,105	525,105	60,375	290,587	45	35,000	− 857	621,449	561,449	50
Financial, Land, etc.													
African City Properties ...	Dec. 31	151,615	...	57,196	97,349	7,500	46,750	17	5,000	− 2,054	156,711	68,458	17
Aldford House (Park Lane)	Dec. 24	14,270	...	4,758	7,600	3,450	...	...	...	+ 1,308	17,868	8,190	2
Associated Gas, etc.	Mar. 31	157,367	...	63,758	96,309	29,411	25,736	5	...	+ 8,611	158,093	74,574	5
Iron, Coal and Steel													
Colvilles Ltd.	Dec. 31	1,228,686	350,000	77,186	348,709	63,250	165,601	8	...	−151,665	1,205,984	253,984	8
Dixon (William)	Feb. 28	143,194	...	45,360	73,627	7,687	34,768	10	...	+ 2,905	73,281	64,774	7½(a)
Lothian Coal Co.	Feb. 28	79,869	...	77,306	117,110	10,950	66,300	10†	...	+ 56	97,433	94,202	12½†
Motor Cycle & Aviation													
Currys Ltd.	Jan. 25	86,338	...	50,391	69,818	15,000	35,000	10	...	+ 391	75,063	50,138	10
Romac Motor Accessories	Sept. 30	79,903	3,737	9,480	9,843	...	7,350	7½	2,000	+ 130	75,823	8,413	5
Rubber													
Krian	Dec. 31	16,801	...	4,016	9,929	...	4,312	7½	...	− 296	12,620	4,272	7½
Shipping													
General Steam Navigation	Dec. 31	31,206	...	31,206	55,512	10,568	18,996	5†	...	+ 1,642	32,122	32,122	5†
Trusts													
American Investment, etc.	Mar. 15	182,170	...	99,611	151,885	43,750	48,125	5½	10,000	− 2,264	188,416	105,454	6
Continental Union Trust	Mar. 31	54,455	...	39,712	76,694	15,890	19,294	6	...	+ 4,528	62,734	47,320	6
Gresham Trust.....	Mar. 31	41,626	...	18,322	32,518	...	11,428	7½	10,000	− 3,106	41,195	20,761	7½
London & S. American ...	Mar. 31	40,653	...	22,314	66,067	14,688	...	...	6,994	+ 632	46,178	26,058	Nil
Sec. Secur. Tst. of Scotnd.	Mar. 31	40,470	...	9,728	27,843	7,922	1,038	1	200	+ 568	45,236	13,482	2
Waterworks													
Monte Video Waterworks	Dec. 31	266,953	...	120,586	333,569	...	81,250	5	20,000	+ 19,336	219,560	99,953	5
Other Companies													
Anglo-American Telegraph	Mar. 31	262,500	...	154,863	220,488	121,029	33,384	(b)	...	...	262,550	174,544	(b)
Chinese Engineering, etc.	June 30	239,698	...	54,028	237,046	...	73,500	3½†	...	− 19,472	358,145	223,820	7½†
Cow & Gate	Sept. 30	119,223	10,000	67,690	118,993	25,875	19,800	10	10,000	+ 12,015	95,163	36,299	Nil
Francis (F.) & Sons	Dec. 31	83,140	10,492	23,364	39,892	4,744	14,600	14	...	+ 4,020	59,254	19,022	12½
Hall Telephone Acces.....	Dec. 31	209,370	...	26,802	36,545	...	16,128	10	10,000	+ 674	115,895	23,171	10
Howard and Wyndham...	Feb. 28	15,204	1,953	2,651	11,160	675	2,413	2½	...	− 437	26,663	8,656	6
Ideal Boilers, &c.	Dec. 31	283,157	...	158,309	353,983	50,000	105,000	15†	...	+ 3,309	386,069	243,013	50†
Johnson & Phillips	Dec. 31	491,302	32,181	149,572	256,026	...	120,000	15	30,000	− 428	310,318	184,820	15
Melhuish (Wm.)	Dec. 31	15,448	...	14,087	20,657	10,525	938	12½	2,000	+ 624	16,818	15,543	12½
Mitchell Cotts & Co.	June 30	139,343	...	73,843	111,866	5,363	42,897	13	20,000	+ 5,583	113,411	65,569	12
Olympic Portland Cement	Dec. 31	54,475	20,183	14,057	47,426	...	13,619	10	...	+ 1,338	64,413	19,985	10
Pears (A. & F.)	Dec. 31	85,174	...	70,174	91,836	50,400	20,000	10	...	− 226	79,109	63,109	10
Scottish Stamping	Dec. 31	21,507	...	21,007	23,829	3,000	7,033	10	10,000	+ 974	21,819	21,337	10
Walter's " Palm " Toffee	Dec. 14	105,315	4,501	24,321	32,697	9,932	...	...	...	+ 14,389	84,320	10,425	Nil
Totals (£'000's):	*No. of Cos.*												
Week to May 10, 1941 ...	*31*	*5,145*	*423*	*1,972*	*3,746*	*572*	*1,326*	*...*	*171*	*− 97*	*2,824*	*2,643*	*...*
Jan. 1 to May 10, 1941	*642*	*130,228*	*8,725*	*64,540*	*101,780*	*13,107*	*42,686*	*...*	*6,178*	*+ 2,569*	*122,689*	*72,227*	*...*

† Free of Income Tax. (a) Absorbed £49,200. (b) Represents £3 13s. 6d. per cent. on ordinary stock and £1 10s. on deferred stock.

DIVIDEND ANNOUNCEMENTS

Rates are actual unless stated per annum or in cash. Previous year's rate is total dividend unless marked * indicating interim dividend.

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
BANKS				
Anglo-Palestine Bank...	...	6	...	6
Bk. of N.S. Wales	6pa	...	...	6pa
INSURANCE				
Alliance Assurance	10/−†	18/−	July 5	18/−
Commercial Union	17½†	32½	...	32½
Employers' Liability ...	2/−†	3/6	...	3/6
Equity & Law Life	...	4	...	19‡
Life Assn. of Scotland	...	20	...	20
London and Manchester	...	7/−‡	...	‡8/9
Planet Assurance.....	...	15	...	...
Sun Life	2/9*	...	...	2/9*
MINING				
Anglo-Amer. Cpn. S. Af.	...	20	...	20
Mariu Gold	10*	...	...	10*
Mount Lyell Mining	6d.*	...	...	9d.*
Rahman Tin.....	5*	...	...	4*
Ulu Klang Tin	5*	...	...	5*
TEA AND RUBBER				
Amalgamated Tea	...	7½	...	7½
Ang. Amer. Tea Tdg.	...	7½	...	7½
Beau Sejour Rubber ...	4½*	...	...	3*
Chulsa Rubber.....	4†	7	...	5
Cons. Tea & Lands	7½†	10	...	10
Damansara Rubber ...	...	6	...	4
Kanan Hills Produce ...	14½†	17½	...	17½
Kapar Para Rubber.....	...	6½	...	5

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
Rubber Ests. of Johore	...	4	May 21	2
Ulu Rantau Rubber ...	...	2½	...	Nil
Yunnan Rubber	...	3½	...	3
INDUSTRIALS				
Associated Equipment	‡2½*	...	...	‡2½*
Atkinson's Brewery.....	4*	...	...	4*
Benskin's Brewery	6*	...	...	6*
Bristol United Breweries	5*	...	...	5*
British Match	5½†	8	May 21	7½
Cellon Ltd.	10†	20	...	20
Cheltenham Orig. Brew.	5*	...	...	5*
Chinese Engineering ...	...	‡3½	...	‡7½
Cons. African Sel. Tst....	‡5*	...	May 26	‡5*
Dalgety & Co.	3*	...	...	3*
Derbyshire Stone	...	10	...	7½
Egyptian Delta Land ...	—	5(k)	...	4½(m)
English Sewing Cotton	2½*	...	...	7½
Finlay (James) & Co. ...	7½*	12½	...	12½
Fourth Brit. Fixed Trust	‡3·20d	...	May 15	‡4·20d
Galloway (P. H.)	...	10	...	11½
General Motors.....	$1ps	(n)	...	$1ps
General Scottish Trust	3½†	5½	...	5½
General Steam Navgn.	...	‡5	...	‡5
Glenfield & Kennedy ...	15†	20	...	17½
Hong Kong Gas	...	5	...	5
House Prop. of London	...	6	...	8

Company	*Int. or †Final	Total	Payable	Prev. Year
	%	%		%
Hoyle (Joshua).....	2½*	...	...	2½*
International Nickel ...	50 Cts	...	...	50 Cts
Kinemas Ltd.	...	2½	...	9
London Gen. Investment	8½†	12	...	12½
London Trust	9†	14	...	14
Marks & Spencer.....	20†	35	June 6	38½
Melbourne Hart	‡5†	7½‡	...	11‡
Madeley Collieries	...	2½	...	Nil
Mitchell Cotts	9†	13	...	12
New River Co.	...	6	...	7
Peglers	...	23½	...	23½
P. & O. Steam (Def) ...	2*	...	May 29	2*
Pressed Steel Co.....	17½†	27½	...	27½
Quicktho Ltd.	...	4½	...	4½
Ransomes Sims, etc. ...	...	7½	...	7½
Reddaway (F.) & Co. ...	...	8	...	6
Robey & Co.	...	5	...	5
Stroud Brewery	7½*	...	...	7½*
Tetley (Joshua)	5*	...	...	5*
Trinidad Petroleum ...	5*	...	...	5*
United Molasses	(c)15†	(c)22½	...	(b)
Vitacream.....	15*	...	...	15*
Walker (John) & Sons...	...	45	...	50
Walsall Conduits	35†	55	...	55
White Horse Distillers...	60†	70	...	80
Yorkshire Amal. Colls.	4†	6½	...	7½

‡ Free of Income Tax. (c) Includes tax free bonus of 2½ per cent. (b) At rate of 22½ per cent. per annum. (k) Less British and Egyptian Tax. (m) Free of Egyptian Tax. (n) For 1940 dividend was $3·75 against $3.50 for 1939.

OVERSEAS WEEKLY TRAFFIC RECEIPTS

Name	Weeks	Ending	Gross Receipts for Week: 1941	+ or −	Aggregate Gross Receipts: 1941	+ or −
B.A. and Pacific	43	Apr. 26	‡1,616,000	+ 126,000	61,195,000	+ 911,000
B.A. Gt. Southern	42	26	‡2,325,000	+ 91,000	95,156,000	− 7,516,000
B.A. Western ...	42	26	‡1,004,000	+ 96,000	33,096,000	− 1,259,000
Canadian Pacific	17	30	†$5,588,000	+1,618,000	62,068,000	+14,387,000
Central Argentine	44	May 3	‡2,061,000	+ 458,000	70,795,350	− 7,190,600

‡ Receipts in Argentine pesos. † Nine days.

UNIT TRUST PRICES

as supplied by managers and Unit Trusts Association
(Table excludes certain open and closed trusts)

Name	May 7, 1941	Name	May 7, 1941	Name	May 7, 1941
Second Brt.	18/6 bid	Nation'l D.	9/4½—10/4½	Key. Gold..	7/10½—9/4
Lim'd Inv.	12/7½ bid	Century...	10/10½—12/7½xd	Br. Ind. 4th	10/6—12/0
New British	7/4½—8/4½xd	Scottish...	9/3—10/9xd	Elec. Inds.	12/9—14/3
Invest. Tr.*	9/—10/3xd	Univ. 2nd	11/9—13/6	Met. & Min.	9/9—11/3x
Bk. - Insur.*	14/3—15/9	Inv. Flex.	8/9—10/−	Cum. Inv...	13/3—14/5
Insurance*	14/0—15/6	Inv. Gen.	11/7½—12/7½xd	Producers	5/6—6/6x
Bank*	15/0—16/9	Key. Flex.	9/1½—10/7½xd	Dom. 2nd .	4/6—5/6x
Scotbits*...	10/9—11/9	Key. Cons.	8/6—10/0	Orthodox .	7/3

* Free of commission and stamp duty.

BRITISH WHOLESALE PRICES

	Apr. 29, 1941	May 6, 1941
CEREALS AND MEAT		
GRAIN, etc.		
Wheat—	s. d.	s. d.
No. 1, N. Mt. 496 lb. f.o.b. Mont.	32 0	32 1½
Eng. Gas. av per cwt. (e)	14 7	14 7
Flour, per 280 lb.—		
Straights, d/d London	25 6	25 6
Barley, Eng. Gas., av., per cwt(e)	18 4	18 7
Oats (e) " "	15 1	15 1
Maize, La Plata, 480 lb., f.o.b.	10 6	10 6
MEAT—Beef, per 8 lb.—		
English long sides	4 8	4 8
	6 0	6 0
Imported hinds	5 4	5 4
Mutton, per 8 lb.—English	4 4	4 4
	8 0	8 0
Imported	4 4	4 4
Pork, English, per 8 lb.	8 0	8 0
BACON (per cwt.—Wilts. cut side	125 6	125 6
HAMS (per cwt.)—Green	131 6	131 6
OTHER FOODS		
BUTTER (per cwt.)—All Grades	143 0	143 0
CHEESE (per cwt.)—		
Home Produced	99 2	99 2
Imported	99 2	99 2
COCOA (per cwt.)—		
Accra, g.f.	45 0	45 0
Granada	Nom.	Nom.
COFFEE (per cwt.)—		
Santos supr. c. & f.	Nom.	Nom.
Costa Rica, medium to good	145 0	150 0
	165 0	165 0
EGGS (per 120)—English	25 0	25 0
LARD (per cwt.)—Imported	64 0	64 0
POTATOES (per cwt.)—		
English	7 0	7 0
	9 0	10 0
SUGAR (per cwt.)—		
Centrifugals, 96°, prpt. shipm. c.i.f. U.K./Cont.	7 6	7 6
REFINED LONDON—		
Granulated, 2 cwt. bags	40 6	40 6
Granulated, 2 cwt. bags, domestic consumption	31 2	31 2
West India Crystallised	38 0	38 0
	41 6	41 6
TOBACCO (per lb.)—		
Indian stemmed and unstemmed	0 8	0 8
	1 10	1 10
Rhodesian, stemmed and unstemmed	1 0	1 0
	2 2	2 2
TEXTILES		
COTTON (per lb.)—	d.	d.
Raw, Mid-American	9·24	9·24
" Giza, F.G.F.	12·05	12·05
Yarns, 32's Twist	16·81	16·81
" 40's Weft	18·12	18·12
" 60's Twist (Egyptian)	25·95	25·95
Cloth, 32 in. Printers, 116 yds. 16 × 16, 32's & 50's	s. d. 26 3	s. d. 26 3

	Apr. 29, 1941	May 6, 1941
COTTON—*continued.*		
Cloth, 36 in. Shirtings, 75 yds., 19 × 19, 32's & 40's	s. d. 38 0	s. d. 38 0
" 38 in. ditto, 38 yds., 18 × 16, 10 lb.	14 2	14 2
" 39 in. ditto, 37½ yds., 16 × 15, 8½ lb.	13 1	13 1
FLAX (per ton)—	£ s.	£ s.
Livonian ZK	Nom.	Nom.
Pernau HD	Nom.	Nom.
HEMP (per ton)—Manilla, spot "J2"	26/0/0	26/0/0
JUTE (per ton)—		
Daisee 2/3, c.i.f. Dundee, Nov.-Dec. (new)	29/10/0	29/10/0
	s. d.	s. d.
Common 8 lb. cops. (per spindle)	4 4	4 4
10½/40 Hessians, per yd.	0 6	0 6
8/40 Hessians, per yd.	0 4½	0 4½
SISAL (per ton)—African, May-July—No. 1	£ s. 26 0	£ s. 26 0
WOOL (per lb.)—	d.	d.
Lincoln wethers, washed	19½	19½
Selected blackfaced, greasy	14	14
Australian scrd. fleece, 70's	37	37
Cape scrd. average snow white	39½	39½
N.Z. scrd. 2nd pieces, 50-56's	24	24
Tops—		
64's warp	45	45
56's super carded	39	39
48's average carded	31	31
44's prepared	29½	29½
MINERALS		
COAL (per ton)—	s. d.	s. d.
Welsh, best Admiralty	31 7	31 7
	32 4	32 4
Durham, best gas, f.o.b. Tyne	27 0½	27 0½
IRON AND STEEL (per ton)—		
Pig, Cleveland No. 3, d/d	128 0	128 0
Bars, Middlesbrough	312 6	312 6
Steel rails, heavy	290 6	290 6
Tinplates (home, f.c. 14 × 20)	29 9	29 9
NON-FERROUS METALS (per ton)—		
Copper (c)—Electrolytic	62/0/0	62/0/0
Tin—Standard cash	269 5 0	269 5 0
	269 10 0	269 10 0
Three months	265 15/0	266 5 0
	266 0 0	266 10 0
Lead (d)—Soft, foreign, cash	25/0/0	25/0/0
Spelter (d)—G.O.B., spot	25/15/0	25/15/0
Aluminium, ingots and bars	110/0/0	110/0/0
Nickel, home delivery	190/0/0	190/0/0
	195/0/0	195/0/0
Antimony, Chinese	...	...
Wolfram, Empire ... per unit	2/10/0	2/10/0
Platinum, refined ... per oz.	9/0/0	9/0/0
Quicksilver ... per 76 lb.	48/0/0	48/0/0
	50/0/0	48/15/0
	s. d.	s. d.
GOLD, per fine ounce	168 0	168 0
SILVER (per ounce)—		
Cash	1 11½	1 11½

	Apr. 29, 1941	May 6, 1941
MISCELLANEOUS		
CEMENT, best Eng. Portland, d/d site, London area, in paper bags or jute sacks 20 to ton—(a).	s. d.	s. d.
4-ton loads and upwards per ton	49 6	49 6
CHEMICALS—		
Acid, Oxalic, net per ton	60/0/0	60/0/0
	s. d.	s. d.
" Tartaric, English, less 5% lb.	3 0½	3 0½
Ammonia, Sulphate per ton	10/2/0	10/2/0
Nitrate of Soda per ton	13/10/0	13/10/0
Potash, Sulphate per ton	...	...
Soda Bicarb. per ton	11/0/0	11/0/0
Soda Crystals per ton	5/0/0	5/0/0
	5/5/0	5/5/0
COPRA (per ton)—S.D. Straits, c.i.f.	12/10/0	12/10/0
HIDES (per lb.)—	s. d.	s. d.
Wet salted Australian, Queensland 40/50 lb.	0 6	0 6
Cape, J'burg Ord.	0 6½	0 6½
Dry Capes, 18/20 lb.	0 7½	0 7½
English & Welsh Market Hides—		
Best heavy ox and heifer	0 6½	0 6½
	0 8½	0 8½
LEATHER (per lb.)—		
Sole Bends, 8/14 lb.	2 0	2 0
	4 0	4 0
Shoulders	1 0	1 0
	2 2	2 2
Insole Bellies	0 7½	0 7½
	1 3	1 3
Dressing Hides	2 2	2 2
	2 6	2 6
PETROLEUM PRODUCTS (per gal.)		
Motor Spirit, England & Wales	1 9	1 9
(b) Kerosene, Burning Oil	0 11	0 11
" Vaporising Oil	0 11½	0 11½
(b) Automotive gas oil, in bulk, ex road tank waggons	1 6½	1 6½
Fuel oil, in bulk, ex instal. Thames—		
Furnace	0 7½	0 7½
Diesel	0 8½	0 8½
ROSIN (per ton)—American	25/0/0	25/0/0
	30/0/0	30/0/0
RUBBER (per lb.)—	s. d.	s. d.
St. ribbed smoked sheet	1 2½	1 2
SHELLAC (per ton)—TN Orange	102/10/0	102/10/0
TALLOW (per cwt) London Town—	22 10	22 10
VEGETABLE OILS (per ton net)—		
Linseed, raw	41/10/0	41/10/0
Rape, crude	44/5/0	44/5/0
Cotton-seed, crude	31/2/6	31/2/6
Coconut, crude	28/2/6	28/2/6
Palm	20/15/0	20/15/0
Oil Cakes, Linseed, Indian	7/15/0	7/15/0
Oil Seeds, Linseed—		
La Plata (new)	11/15/0	11/15/0
Calcutta	18/11/3	18/11/3

(a) +6s. per ton net paper bags, jute sacks, charged 1s. 9d., credited 1s. 6d. on return. (b) Higher Pool prices in some zones. (c) Price is at buyer's premises.
(d) Including import duty and delivery charges. (e) Average for weeks ended Apr. 26th and May 3rd.

AMERICAN WHOLESALE PRICES

	Apr. 29, 1941	May 6, 1941
GRAINS per bushel)—	Cents	Cents
Wheat, Chicago, May	91½	96½
" Winnipeg, May	75½	75½
Maize, Chicago, May	68½	69½
Oats, Chicago, May	37½	37½
Rye, Chicago, May	46½	50½
Barley, Winnipeg, May	48½	49½
METALS (per lb.)—		
Copper, Connecticut	12·00	12·00
Tin, N.Y., Straits, spot	51·75	52·00
Lead, N.Y., spot	5·85	5·85
METALS (per lb.)—*cont.*		
Spelter, East St. Louis, spot	7·25	7·25
MISCELLANEOUS (per lb.)—		
Cocoa, N.Y., Accra, May	7·20	7·94
Coffee, N.Y., cash—		
Rio, No. 7	6½	6½
Santos, No. 4	9½	9½
Cotton, N.Y., Am. mid. spot	11·47	12·29
Cotton, Am. mid., May	11·27	12·05
Cotton Oil, N.Y., May	9·13	10·20
Lard, Chicago, May	8·57½	9·27½

	Apr. 29, 1941	May 6, 1941
MISCELLANEOUS (per lb.)—*cont.*	Cents	Cents
Petroleum, Mid-cont. crude, per barrel	102	102
Rubber, N.Y., smkd. sheet spot	23½	24½
" " June	23½	24½
Sugar, N.Y., Cuban Cent., 96 deg. spot	3·30	3·45
Sugar, N.Y., 96 deg., No. 4, f.o.b. Cuba, July	0·79½	0·80
Moody's Index of staple commodities, Dec. 31, 1931=100	185·8	190·3

EXCHANGE RATES (Monthly Tables)

CENTRAL AND SOUTH AMERICA

The following rates, issued by Bank of London and South America, are related to U.S. $; approximate sterling rates can be calculated from $–£ rate.

*Colombia.** Sight selling rate 175·50 pesos per 100 U.S. $ on April 16th.

*Ecuador.** Sight selling rate 15·00 sucres per U.S. $ on April 11th.

Guatemala. Sight selling rate maintained at one quetzal per U.S. $, less commission of 1 per cent. to Central Bank.

*Nicaragua.** Sight selling rate for payment of imports fixed at 5.54½ cordobas per U.S. $ (incl. 10 per cent. tax), Jan. 1, 1941.

El Salvador. Sight selling rate New York was 2·49½ colones per $ on April 9th.

*Venezuela.** Sight selling rate New York 3·19 bolivares per U.S. $ since April 27, 1937.

* Exchange controls are operative in these countries.

OVERSEAS BANK RATES

	Changed	From %	To %
Amsterdam	Aug. 28, '39	2	3
Athens	Jan. 4, '37	7	6
Batavia	Jan. 14, '37	4	3
Belgrade	Feb. 1, '35	6½	5
Berlin	April '40	4	3½
Brussels	Jan. 25, '40	2½	2
Bucharest	Sept. 17, '40	3½	3
Budapest	Oct. 22, '40	4	3
Calcutta	Nov. 28, '35	3½	3
Chile	June 13, '35	4	4½(a)
		5½	6(b)
Copenhagen	Oct. 15, '40	4½	4
Helsingfors	Dec. 3, '34	4½	4
Kovno	May 14, '29	5	7
Lisbon	Mar. 31, '41	4½	4
N.Y. Fed. Res.	Aug. 26, '37	1½	1
Madrid	July 15, '35	5	4
Montreal	Mar. 11, '35	...	2½
Oslo	May 12, '40	4½	3
Paris	Jan. 3, '39	2½	2
Pretoria	May 15, '33	4	3½
Tallinn	Oct. 1, '35	4	4½
Riga	Feb. 17, '40	4½	5(a)
		5	5½(b)
Rio de Janeiro	May 31, '35	...	3½
Rome	May 18, '36	5	4½
Sofia	Sep. 16, '40	6	5½
Stockholm	May 17, '40	3	2½
Zurich	Nov. 25, '36	2	1½
Tokio	...	...	3·285
Wellington	May 27, '40	3	2
Dublin	Oct. 26, '39	4	3

(a) For banks and credit institutions. (b) For private persons and firms.

SOUTH AFRICA

(BUYING RATES PER £100 STERLING)

	T.T.	Sight.	30 days' sight	60 days' sight	90 days' sight
London on :	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Rhodesia	100 5 0	100 17 6	101 5 9	101 14 0	102 2 3
S. Africa	101 0 0	101 12 6	102 0 9	102 9 0	102 17 3

(SELLING RATES PER £100 STERLING)

	Sight	Telegraphic
London on :—	£ s. d.	£ s. d.
Rhodesia	99 15 0	99 15 0
South Africa	100 5 0	100 5 0

AUSTRALIA AND NEW ZEALAND

	London on Australia and New Zealand*				Australia and New Zealand on London*			
	Buying			Selling	Buying			Selling
	Australia		New Zealand	Australia (any mail)	New Zealand (any mail)	Australia	New Zealand	Australia (any mail)	New Zealand
T.T.	...		...	125	124⅛	125		124⅛	125⅛	125
	Ord. Mail	Air Mail (§) (‡)	Ord. Mail	Air Mail (§) (‡)		Air Mail	Ord. Mail			
Sight	126⅛	126⅛	126⅛	126⅛	125⅛	124⅛	124⅛	125⅛	125⅛	124⅛
30 days	127⅛	127⅛	126⅛	126⅛	...	...	124⅛	123⅛	125⅛	124⅛
60 days	127⅛	127⅛	127⅛	127⅛	...	...	124⅛	124⅛	125⅛	124⅛
90 days	128⅛	128⅛	127⅛	127⅛	...	...	126	125⅛	125⅛	124⅛

* All rates (Australian and N. Zealand) now based on £100—London.
‡ Plus postage.
§ Via Durban and Singapore. By America/New Zealand Air Mail. (Australia): Demand, 126⅛; 30 days, 126⅛; 60 days, 127⅛; 90 days, 127⅛. (New Zealand): Demand, 125⅛; 30 days, 126⅛; 60 days, 126⅛; 90 days, 127⅛ (plus postage).

COMMODITY AND INDUSTRY NEWS

The agreement between the Ministry of Supply and the Rubber Trade Association, whereby the Rubber Controller is to become the sole importer of rubber into this country, is discussed more fully on page 632. The market was in a state of uncertainty while discussions were proceeding, and little business was done—on Monday no prices were quoted. On Wednesday, spot closed at 14d. per lb., compared with 14¼d. a week before. While prices in general in this country have shown little or no change, in America, Moody's daily index of staple commodity prices (December 31, 1931 = 100) rose from 185·8 on April 29th to 190·3 on May 6th.

Quicksilver Prices and Supplies.—The Control of Mercury (No. 6) Order which came into force on May 3rd, amends an earlier Order by fixing maximum prices for mercury metal. Prices of mercury salts which were fixed by the earlier Order remain unchanged. The price of metal ruling on May 2nd was £48-£50 per 76 lb., and the Order prescribes maximum prices for quantities of over one bottle but less than eleven bottles, of £48 15s. per standard bottle of 76 lbs., and for larger quantities, £48, ex sellers premises in both cases. Higher prices are prescribed for lots of under one bottle and for redistilled grades. The Ministry is prepared to sell quicksilver (commercially pure virgin mercury) to buyers approved by them, in quantities of not less than eleven standard bottles; the Ministry's selling price will be £47 15s. per bottle until further notice. Applications for smaller quantities and quantities not in standard bottles of 76 lbs., and for redistilled mercury, should be made in the normal way to dealers.

Tin Statistics.—World visible tin stocks during April showed a further fall, according to Messrs. A. Strauss & Co. Ltd.,'s Monthly Bulletin. Stocks on April 30th were 38,788 tons compared with 39,971 on March 31st. Deliveries in the United States were nearly 14,000 tons, compared with the high figure of 16,000 tons for March. These two high delivery figures may offset the decrease in visible tin stocks by an increase in "invisible" stocks if, as is probable, substantial amounts have been acquired by the Metals Reserve Company in America. Stocks in this country fell by 825 tons during April, to 2,183 tons. Prices have varied but little during the week. On Wednesday standard cash was £270 5s.-£270 10s. per ton compared with £269 5s.-£269 10s. a week earlier. The three months forward price was £267 5s.-£267 10s. per ton compared with £266 15s.-£267.

Rise in Rayon Prices.—On June 1st rayon yarn prices are to be raised, the rise varying from no change to 4d. a lb. Deniers will be unchanged at 75d. per lb.; viscose yarns will rise from 53d. to 56d., and acetates and Bembergs will rise 4d. to 55d. per lb. A meeting is to be held to decide whether the rise should be extended to knitted goods.

Coffee Stocks Return.—A return of raw coffee stocks is required by the Ministry of Food from persons who held more than one ton net of raw coffee beans on April 30th. Returns must be made on a special form by May 17th, specifying net weight, country of origin and stating whether the coffee is in bond, or duty paid. Stocks of coffee in the country on the outbreak of war were in the neighbourhood of 214,000 cwts. The price has risen considerably since August 30th, 1939, when Costa Rica, medium to good, was 62s.-84s. per cwt.; on May 6th last it was 150s.-165s. A maximum retail price of 2s. 8d. per lb. was fixed by the Minister of Food on March 31st of this year, and retailers were also obliged to stock coffee at 1s. 8d. per lb.

Revision of Poultry Prices.—Prices of all poultry are to be uniform after June 16th, but different categories are to be brought into the uniform price level at different dates. The maximum prices on sales by producers to wholesalers will be 1s. 6d. per lb., on sale by wholesale, 1s. 7d. per lb., and by retail 1s. 10d. per lb. These are the prices which originally applied only to boiling fowls. From May 5th they applied to roasting chickens, geese, and poultry imported from Eire. The special price for poussins (by retail 3s. 6d. each) will be withdrawn on June 1st, and on June 16th domestic ducks will come into the uniform price scale.

Soft Fruit Prices.—The Soft Fruits (Maximum Prices) Order has been made by the Minister of Food, under which maximum prices of gooseberries, strawberries, raspberries, loganberries, blackcurrants, redcurrants and whitecurrants grown in this country are controlled. The prices for the fruit are laid down, but the dates on which they become operative will be announced later. The Order prohibits the picking of gooseberries before a date to be announced, except for "Leveller" and "Early Sulpher" varieties. Fruit preservers using more than one ton of fruit per year must in future be licensed by the Minister of Food.

★

Maximum prices for canned vegetables have been fixed, on first-hand sales and sales by wholesale and retail, by the Canned Vegetables (Maximum Prices) Order, which came into force on May 5th.

"THE ECONOMIST" SENSITIVE PRICE INDEX

1935=100

	May 1, 1941	May 2, 1941	May 5, 1941	May 6, 1941	May 7, 1941
Crops	108·4	108·4	108·4	108·4	108·5
Raw materials	173·3	173·2	173·1	172·9	173·1
Complete index	137·1	137·0	137·0	136·9	137·0
	Mar. 31, 1937*	Aug. 31, 1939	May 7, 1940	Apr. 7, 1941	Apr. 30, 1941
Crops	147·9	92·2	112·2	110·0	108·4
Raw materials	207·3	122·9	168·9	173·3	173·2
Complete index	175·1	106·4	135·7	138·1	137·0

* Highest level reached during 1932-37 recovery.

ASHANTI GOLDFIELDS CORPORATION, LIMITED

NOTICE IS HEREBY GIVEN that an Interim Dividend (No. 89) of 22½ per cent. (less Income Tax at 10s. in the £) has this day been DECLARED on the issued Shares of the Corporation in respect of the year ending 30th September, 1941, and will be payable on and after the 27th June, 1941, to all Shareholders on the Registers on the 6th May, 1941.

THE TRANSFER BOOKS will be closed from 7th to 14th May, 1941, both dates inclusive, for the preparation of Dividend Lists.

By Order of the Board,

H. E. ASHBY, Manager & Secretary.

Temporary Registered Address:
St. Hilda's School, Bushey, HERTS.
6th May, 1941.

BIBIANI (1927) LIMITED

NOTICE IS HEREBY GIVEN that an Interim Dividend (No. 8) of 7½ per cent. (less Income Tax at 9s. in the £) has this day been DECLARED on the Capital of the Company in respect of the year ending 30th September, 1941, and will be payable on and after the 27th June, 1941, to all Shareholders on the Registers on the 6th May, 1941.

THE TRANSFER BOOKS will be closed from 7th to 14th May, 1941, both dates inclusive, for the preparation of Dividend Lists.

By Order of the Board.

H. E. ASHBY, Secretary.

Temporary Registered Address:
St. Hilda's School, Bushey, Herts.
6th May, 1941.

THE CANADIAN BANK OF COMMERCE

Incorporated in Canada 1867 with Limited Liability

Head Office: TORONTO

S. H. LOGAN, President. A. E. ARSCOTT, General Manager

Branches in CANADA, the UNITED STATES, NEWFOUNDLAND, CUBA and the WEST INDIES. All kinds of banking transactions undertaken with these countries and with other parts of the world.

London Office: 2 LOMBARD STREET, E.C.3

R. B. BUCKERFIELD, Manager R. H. McDADE, Asst. Manager.

The YOKOHAMA SPECIE BANK Limited

Incorporated in Japan. Established 1880.

Subscribed and Paid-up Capital - - Yen 100,000,000
Reserve Fund - - - - - - „ 143,400,000

Head Office - YOKOHAMA

BRANCHES IN ALL PRINCIPAL PARTS OF THE WORLD

London Office: 7 BISHOPSGATE, E.C.2 H. KANO, London Manager

CANADIAN PACIFIC RAILWAY COMPANY (incorporated in Canada with limited liability). CANADIAN PACIFIC RAILWAY FOUR PER CENT. CONSOLIDATED DEBENTURE STOCK. NEW BRUNSWICK RAILWAY FOUR PER CENT. DEBENTURE STOCK. CALGARY AND EDMONTON RAILWAY FOUR PER CENT. DEBENTURE STOCK. ATLANTIC AND NORTH-WEST RAILWAY FOUR PER CENT. FIRST MORTGAGE REDEEMABLE DEBENTURE STOCK. In preparation for the payment of the half-yearly interest payable on the 1st July next, on the above Stocks, the transfer books will be closed on May 24th and will be re-opened on July 2nd. F. J. WHIDDETT, Deputy Secretary, 8 Waterloo Place, Pall Mall, London, S.W. 1, 8th May, 1941.

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